Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Sidney Lanier Bridge
Brunswick, Georgia
Submitted by the Georgia Department of Economic Development

GEORGIA.GOV

Sidney Lanier Bridge, Brunswick, Georgia

The Sidney Lanier Bridge is Georgia's tallest cable-stayed suspension bridge, which provides easy access to the Golden Isles from Interstate 95 (Exit 29). This beautiful structure is 7,780 feet long and 486 feet tall. It contains 95,283 cubic yards of concrete and 14,810,095 pounds of reinforcing steel. It was named for Georgian poet Sidney Lanier who wrote the poem Marshes of Glynn, about the beautiful marshes that surround the area.

State of Georgia

Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2023

Prepared by:
State Accounting Office

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Table of Contents

For the Fiscal Year Ended June 30, 2023

INTRODUCTORY SECTION

Letter of Transmittal ... i
Organizational Chart ... vi
Principal State Officials ... viii
Acknowledgments ... ix

FINANCIAL SECTION

Independent Auditor's Report ... 1
Management's Discussion and Analysis ... 8

Basic Financial Statements
- Government-wide Financial Statements
  - Statement of Net Position ... 30
  - Statement of Activities ... 33
- Fund Financial Statements
  - Governmental Funds
    - Balance Sheet ... 35
    - Reconciliation of Fund Balances to the Statement of Net Position ... 36
    - Statement of Revenues, Expenditures, and Changes in Fund Balances ... 37
    - Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities ... 38
  - Proprietary Funds
    - Statement of Net Position ... 39
    - Statement of Revenues, Expenses, and Changes in Fund Net Position ... 42
    - Statement of Cash Flows ... 43
  - Fiduciary Funds
    - Statement of Fiduciary Net Position ... 45
    - Statement of Changes in Fiduciary Net Position ... 46
  - Component Units
    - Statement of Net Position ... 47
    - Statement of Activities ... 51
- Notes to the Financial Statements Index ... 54
- Notes to the Financial Statements ... 55

Required Supplementary Information
- Budgetary Comparison Schedule ... 217
- Budget to GAAP Reconciliation ... 219
- Notes to Required Supplementary Information - Budgetary Comparison ... 221
- Public Entity Risk Pool ... 224

Required Supplementary Information - Pensions
- Schedules of Employers' and Nonemployers' Contributions - Defined Benefit Pension Plans ... 230
- Schedules of Employers' and Nonemployers' Net Pension Liability - Defined Benefit Pension Plans ... 231
- Schedules of Changes in Employers' and Nonemployers' Net Pension Liability - Defined Benefit Pension Plans ... 233
- Schedule of Investment Returns - Defined Benefit Pension Plans ... 235
- Notes to Required Supplementary Information - Defined Benefit Pension Plans - Methods and Assumptions ... 236
- Schedules of State's Contributions - As Employer - Defined Benefit Pension Plans ... 239
- Schedules of State's Contributions - As Nonemployer Contributing Entity - Defined Benefit Pension Plans ... 241
- Schedules of State's Proportionate Share of the Net Pension Liability - As Employer ... 243
- Schedules of State's Proportionate Share of the Net Pension Liability - As Nonemployer Contributing Entity - Defined Benefit Pension Plans ... 245
- Notes to Required Supplementary Information - Defined Benefit Pension Plans - Methods and Assumptions ... 247


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

Table of Contents
For the Fiscal Year Ended June 30, 2023

Required Supplementary Information - Other Postemployment Benefits
Schedule of Employers' Contributions - Multi-Employer and Single-Employer OPEB Plans........ 251
Schedule of Employers' Net OPEB Liability - Multi-Employer and Single-Employer OPEB Plans........ 253
Schedule of Changes in Employers' Net OPEB Liability - Multi-Employer and Single-Employer OPEB Plans........ 255
Schedule of Investment Returns - Multi-Employer and Single-Employer OPEB Plans........ 259
Notes to Required Supplementary Information - Methods and Assumptions - Multi-Employer and Single-Employer OPEB Plans........ 260
Schedules of State's Contributions - As Employer - Multi-Employer OPEB Plans........ 263
Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer........ 265
Schedule of Net OPEB Liability - As Employer - Single-Employer OPEB Plans........ 269
Schedule of Changes in Net OPEB Liability - As Employer - Single-Employer OPEB Plans........ 271
Notes to Required Supplementary Information - Methods and Assumption - Multi-Employer and Single-Employer OPEB Plans........ 273

Supplementary Information - Combining and Individual Fund Statements
Nonmajor Governmental Funds
Description of Nonmajor Governmental Funds........ 280
Combining Balance Sheet........ 281
Combining Statement of Revenues, Expenditures and Changes in Fund Balances........ 283
Nonmajor Enterprise Fund
Description of Nonmajor Enterprise Funds........ 288
Combining Statement of Net Position........ 289
Combining Statement of Revenues, Expenses and Changes in Fund Net Position........ 290
Combining Statement of Cash Flows........ 291
Internal Service Funds
Description of Internal Service Funds........ 294
Combining Statement of Net Position........ 295
Combining Statement of Revenues, Expenses and Changes in Fund Net Position........ 297
Combining Statement of Cash Flows........ 299
Risk Management
Combining Statement of Net Position........ 303
Combining Statement of Revenues, Expenses and Changes in Fund Net Position........ 305
Combining Statement of Cash Flows........ 307
Fiduciary Funds
Description of Fiduciary Funds........ 312
Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds........ 317
Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds........ 319
Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans........ 321
Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans........ 323
Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans - Other Defined Benefit Pension Plans........ 325
Combining Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans - Other Defined Benefit Pension Plans........ 327
Combining Statement of Fiduciary Net Position - Investment Trust Funds........ 329
Combining Statement of Changes in Fiduciary Net Position - Investment Trust Funds........ 330
Combining Statement of Fiduciary Net Position - Private Purpose Trust Funds........ 331
Combining Statement of Changes in Fiduciary Net Position - Private Purpose Trust Funds........ 332
Combining Statement of Fiduciary Net Position - Custodial Funds........ 333
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds........ 335

STATE OF GEORGIA
CONSTITUTION
WISDOM JUSTICE MODERATION
1776

Table of Contents

For the Fiscal Year Ended June 30, 2023

Nonmajor Component Units

Description of Nonmajor Component Units........ 340
Combining Statement of Net Position........ 343
Combining Statement of Activities........ 347

STATISTICAL SECTION

Index to Statistical Section........ 352
Schedule 1 Net Position by Component........ 353
Schedule 2 Changes in Net Position........ 355
Schedule 3 Fund Balances of Governmental Funds........ 359
Schedule 4 Changes in Fund Balances of Governmental Funds........ 361
Schedule 5 Revenue Base - Personal Income by Industry........ 365
Schedule 6 Individual Income Tax Rates by Filing Status and Income Level........ 367
Schedule 7 Individual Income Tax Filers and Liability by Income Level........ 368
Schedule 8 Ratios of Outstanding Debt by Type........ 369
Schedule 9 Ratios of General Bonded Debt Outstanding........ 371
Schedule 10 Computation of Legal Debt Margin........ 373
Schedule 11 Population/Demographics........ 375
Schedule 12 Principal Private Sector Employers........ 376
Schedule 13 State Government Employment by Function........ 377
Schedule 14 Operating Indicators and Capital Assets by Function........ 379


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

INTRODUCTORY SECTION

Dungeness Ruins
St. Mary's, Georgia
Submitted by the Georgia Department of Economic Development

Brian P. Kemp
Governor
Gerlda B. Hines
State Accounting Officer

January 31, 2024

The Honorable Brian P. Kemp, Governor of Georgia

The Honorable Members of the General Assembly

Citizens of the State of Georgia

It is my privilege to present the *Annual Comprehensive Financial Report* on the operations of the State of Georgia (State) for the fiscal year ended June 30, 2023, in accordance with the Official Code of Georgia Annotated (OCGA), § 50-5B-3(a)(7). The objective of this report is to provide a clear picture of our government as a single comprehensive reporting entity.

This report consists of management's representations concerning the State's finances and management assumes full responsibility for the completeness and reliability of the information presented. This report reflects my commitment to you, the citizens of the State, and to the financial community to maintain our financial statements in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governments as prescribed by the Governmental Accounting Standards Board (GASB). Information presented in this report is believed to be accurate in all material respects, and all disclosures have been included that are necessary to enable the reader to obtain a thorough understanding of the State's financial activities.

Internal Controls

The State's management is responsible for the establishment and maintenance of internal accounting controls which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded, financial transactions are properly recorded and adequately documented, and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from such control and that the evaluation of those costs and benefits requires estimates and judgments by the State's management.

Independent Audit

The financial statements of significant organizations comprising the State reporting entity have been separately audited and reported on by either the State Auditor or independent certified public accountants. The State Auditor and other independent auditors have performed an examination of the accompanying financial statements for the State and have issued a disclaimer of opinion on Business-Type Activities and the Unemployment Compensation Fund and an unmodified opinions on the remainder of the State's basic financial statements included in this report.

Federal regulations also require the State to undergo an annual Single Audit in conformance with the Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (contained in Title 2 U.S. Code of Federal Regulations Part 200). Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Independent Auditor's reports, is issued in a separate report and will be available at a later date.

Management's Discussion and Analysis (MD&A)

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The State's MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE STATE OF GEORGIA

The State, founded on February 12, 1733, was the last of the original 13 colonies and became the fourth state by ratifying the U.S. Constitution on January 2, 1788. The State is an economic hub of the southeast. Atlanta, the state capital, is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. The State's economic base is diverse with major port facilities on the coast, agricultural resources throughout the State, manufacturing and service industries, and is a major transportation center with one of the busiest airports in the nation. The State is the eighth largest state with an estimated population of 10.9 billion people.

Reporting Entity

The Constitution of the State of Georgia (Constitution) provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial, as shown on the organizational chart on page vi. The duties of each branch are outlined in the Constitution and in the OCGA.

For financial reporting purposes, the State's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable, and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Further information about the State's reporting entity can be found in *Note 1 - Summary of Significant Accounting Policies-Section B* in the Notes to the Financial Statements.

The State and its component units provide a full range of services to its citizens, including education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and general government services. The financial statements present information on the financial position and operations of state government associated with these services as a single comprehensive reporting entity. Accordingly, the various agencies, departments, boards, commissions, authorities, foundations, funds, and accounts of the State that have been identified as part of the primary government or a component unit have been included in this report.

Budgetary Control

The Constitution requires that budgeted expenditures not exceed the estimated revenues and other funding sources, including beginning fund balances. The State's legal level of budgetary control is funding source within program. Annually, the Governor submits a balanced budget by program to the Legislature. In addition to the internal controls previously discussed, the State maintains budgetary controls to ensure compliance with the legal provisions of the State's Appropriation Act, which reflects the Georgia General Assembly's approval of the annual budget. Budgetary control is maintained through a formal appropriation and allotment process.

The State's annual budget is prepared on a statutory basis which is principally the modified accrual basis utilizing encumbrance accounting. The State monitors spending activity to ensure that expenditures do not exceed appropriated amounts by agency at the legal level of control as provided for by the Constitution. Information regarding the State's budgetary process can be found in the Notes to Required Supplementary Information within this report.

The statutory basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with GAAP. Detailed information on the statutory basis of accounting and the results of operations on that basis for fiscal year 2023 can be found in the separately issued Budgetary Compliance Report (BCR) dated January 12, 2024.

Budget Stabilization

The State maintains the Revenue Shortfall Reserve (RSR) which provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus state funds existing at the end of each fiscal year shall be reserved and added to the RSR. Funds in the RSR carry forward from fiscal year to fiscal year without reverting to the revenue collections fund within the General Fund at the end of a fiscal year. Additional information about the State's RSR balances can be found in MD&A.

Long-term Financial Planning - Debt Management

Each year, the Georgia State Financing and Investment Commission (Commission) issues its debt management plan (Plan) which provides a five-year projection of the State's general obligation and guaranteed revenue bond issuances and the debt service requirements for all outstanding debt and projected new debt issuances. The Plan covers the current fiscal year and the four succeeding fiscal years. The resulting projected annual debt service requirements are compared to the actual treasury receipts of the State for the immediately preceding fiscal year and projected future treasury receipts of the State to determine the ratio of debt service requirements to the prior year's State treasury receipts. This ratio, which is established by the Constitution at a maximum of 10%, but the Plan is limited to a maximum of 7% by Commission policy, along with several other ratios discussed in the Plan, serves as a guide for the Governor and the General Assembly in their consideration of the authorization of new State debt during the budget preparation, review, and adoption process. Projected issuances of new debt may be increased or decreased depending on the capital needs of the State and projections of estimated treasury receipts in future years.

Fiscal Year Budget Overview

As the number one state in which to do business for nine years in a row, Georgia announced a record number of jobs and investment statewide, with our ports moving more cargo in and out of the state than ever before. Despite national economic headwinds caused by 40-year high inflation, Georgia's economy remains a leader nationwide. As we look ahead to the upcoming fiscal year, we expect the state's economy to be well positioned to withstand any further national economic slowing. As such, the Amended FY 2023 and FY 2024 budgets will ensure that we continue to meet our financial obligations as a state while also investing in the education, health, and safety of our citizens to maintain our position as the best state in the county to live, work, and raise our families.

Georgia's economy relies on the strength of its workforce. A well-educated, highly trained citizenry is a must for the businesses looking to expand to our state. Therefore, we must continue to invest in our education system at both the K-12 and higher education levels to build the workforce a growing state needs and provide our citizens the knowledge to achieve high-quality, fulfilling employment. We must attract, retain, and equip our highest quality educators with the tools needed to instill these critical, lifelong skills in our future generations. Therefore, this budget includes an additional $745 million in Amended FY 2023 and more than $1.1 billion in FY 2024 for K-12 education, fully funding the Quality Basic Education program that supports our local schools and educators. This additional funding includes $303 million to adjust the state base salary schedule to increase salaries for certified personnel by $2,000 in FY 2024. The Amended budget also includes $15 million in grant funds to encourage paraprofessional to pursue their teaching certification to help further build our talent pool of skilled, dedicated educators. These budgets also prioritize safety for both our students and educators by providing $50,000 school safety grants to every K-12 school in the state to invest in their security needs, totaling $115 million in Amended FY 2023. FY 2024 will then increase funding for school counselors by $26.9 million to help address our students' emotional and mental well-being in school. Finally, the Amended budget includes $25 million for learning loss grants to allow schools to tailor programs to fit the unique needs of their student body in catching up after the disruptions caused by COVID-19.

Secondary education is now essential for obtaining the training and skills necessary for our jobs of the future; however, the cost of higher education continues to climb, creating barriers to achieving the education necessary for a lifetime of success or saddling students with debt before they have an opportunity to begin building their careers. Keeping college affordable is essential to keeping college accessible. To ensure scholarship and grant levels are keeping pace with increased tuition costs, the FY 2024 budget includes an additional $61.2 million to fully fund scholarship and grant awards at 100 percent of tuition at all Georgia public higher education institutions. Full-time students will save an average of $444 each year to pay for other necessities while earning their degrees. This funding will ensure that more students than ever will be able to utilize HOPE and reduce out-of-pocket costs.

A dynamic, growing economy means competitive wages and benefit options for our citizens. However, we know that healthcare remains a significant cost for many Georgia families who do not have coverage through their workplace. Improving healthcare access and affordability has been a cornerstone of the Governor's administration. Therefore, this budget includes $52 million in the FY 2024 budget to implement the Georgia Pathways to Coverage program established by the Patients First Act to increase health insurance access statewide. These budgets also contain $92 million in both the AFY 2023 and FY 2024 for the state reinsurance program to reduce insurance premiums and increase the affordability of healthcare for Georgia families. When the Patients First Act was signed in 2019, Georgia only had 4 carriers offering plans in the individual market. Today, we have seen a 250% increase with 10 carriers offering plans for 2023. With the reinsurance program, we have not only seen an increase in options for Georgians but also savings. Overall, the reinsurance program has reduced premiums by an average of 12.4% across the state for Plan Year 2023 compared to what they would have been without the program. This reduction represents an average annual premium reduction of $995 or $83 per month. Since the beginning of the Public Health Emergency states have been unable to redetermine Medicaid eligibility for their plan participants. To prepare for this delayed, complicated process our health agencies are hard at work ensuring our most vulnerable citizens are cared for in the transition. Budget recommendations include $8.4 million in AFY 2023 and $3.2 million in FY 2024 for additional caseworkers, technology, and security upgrades to support this process.

A central priority has been the safety of our citizens. Ensuring that our law enforcement agencies have the technology and infrastructure to carry out their important work is critical for their success. Last year, the budget included funding to construct a much-needed new state prison that ultimately will provide a more secure facility with lower operating costs for the state. However, we must also ensure the safety and integrity of the facilities already in use. Therefore, the budget will provide $51 million in AFY 2023 and $26 million in bond funds in FY 2024 to address emergency maintenance and repairs at existing facilities, and an additional $25 million in FY 2024 to bring an additional state prison online to meet future space needs for the correctional system. Additionally, communication is key in ensuring timely and coordinated responses to emergencies, and therefore $34.6 million was recommended in the Amended budget for a new statewide public safety radio network. This will provide the opportunity for seamless communication between all state and local law enforcement officers when responding to multijurisdictional incidences.

Law enforcement officers are critical to protecting the citizens of this state but are often faced with a decision between heeding the call of public service or seeking other opportunities to pay student loans. To ensure we retain top talent, we are investing $3.2 million in a loan repayment plan for state and local law enforcement. This plan funds up to 800 officers and will provide a loan repayment of up to $20,000 per officer in exchange for five years of service.

Finally, conservative fiscal stewardship means finding opportunities to leverage technology so that we can continue to serve the needs of our growing state without having to grow our state workforce. A quality state workforce is necessary to provide the level of customer service our citizens deserve. We must invest in our workforce to continue to attract and retain quality employees to do this important work. In order to remain competitive with other government entities and avoid costly recruiting and training costs, the budget will provide $243 million in FY 2024 to provide state employees with a cost-of-living increase of $2,000. This will continue the great work done last year to retain state employees by providing pay increases, enhancing the employer 401(k) match, and providing optional payouts of accrued annual leave. Investing in our employees enables us to better serve the great people of Georgia.

While economic uncertainty remains present, through conservative fiscal stewardship we can continue to grow. It is only through the sound decisions made in previous years that we have the opportunity to address new challenges and deploy innovative solutions. The budget will continue to prioritize spending in the areas that matter most to the citizens of this state: education, healthcare, public safety, workforce development, and economic development.

During fiscal year 2023 State General Fund receipts deposited with the Office of the State Treasurer were $35.9 billion, which was 17.3% more than the final amended revenue estimate of $30.6 billion and 2.9% more than prior year 2022. This increase was due to higher wages which drove up income tax collections and inflation helped boost what the state collected from sales taxes. This increase helps put Georgia on solid financial footing. As a result, the balance of the Revenue Shortfall Reserve (RSR) as of June 30, 2023 represented an increase of $151.5 million (2.9%), as well as the maximum 15% legal limit as compared to the prior year. Receipts representing the excess $10.9 billion RSR were reported as undesignated, regular surplus.

By statute, up to 1% of fiscal year 2023 net revenue collections of $359.4 million may be appropriated from the RSR in fiscal year 2024 for K-12 needs. As of the date of this report, the $5.4 billion RSR balance has not been adjusted for this potential appropriation. In addition, the Governor may release, for appropriation in a subsequent year, funds in excess of 4% of current year (fiscal year 2023) revenue collections.

ECONOMIC FACTORS AND OUTLOOK

Continuing labor market strength in 2023, combined with the excess savings accumulated during the first six quarters of the pandemic, have supported a strong consumer sector in Georgia, which pushed sales-tax collections up 7.2 percent for the year. Eleven Federal Reserve interest-rate hikes since March 2022, to fight inflation, have not slowed job growth – Georgia added over 105 thousand jobs in FY 2023 – though there is risk of tipping the nation into a mild recession in 2024. Nevertheless, with still very low unemployment and a financially healthy consumer sector, Georgia's economy is well-positioned to weather a national downturn, while the state's strong balance sheet position insulates state spending priorities from any pullback in revenues.

Additional information on the economic outlook for the State can be located in the State's MD&A which can be found immediately following the independent auditor's report.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the dedicated and efficient service of the entire staff of the State Accounting Office. We also express our appreciation to the fiscal officers throughout state government for their dedicated efforts in assisting us in the preparation of this report.

Respectfully submitted,

Gerlda B. Hines

Gerlda B. Hines
State Accounting Officer

JUDICIAL

- Supreme Court
- Court of Appeals
- Superior Courts
- District Attorneys
- Judicial Agencies

EXECUTIVE

Constitutional Officers

- Lieutenant Governor
- Public Service Commission
- State School Superintendent
- Secretary of State
- Commissioner of Insurance
- Attorney General
- Commissioner of Agriculture
- Commissioner of Labor

Governor

- Office of Planning and Budget
- Governor's Office

- Department of Administrative Services
- Department of Banking and Finance
- Department of Behavioral Health & Developmental Disabilities
- Department of Community Affairs
- Department of Community Health
- Department of Community Supervision
- Department of Corrections
- Department of Defense
- Department of Driver Services
- Department of Early Care and Learning
- Department of Economic Development
- Department of Education
- Department of Human Services
- Department of Juvenile Justice
- Department of Natural Resources
- Department of Public Health
- Department of Public Safety
- Department of Revenue
- Department of Transportation
- Department of Veterans' Services
- Employees' Retirement System of Georgia
- Georgia Bureau of Investigation
- Georgia Forestry Commission
- Georgia Lottery Corporation
- Georgia State Financing and Investment Commission
- Georgia Student Finance Commission
- Georgia Technology Authority
- Office of the State Treasurer
- State Accounting Office
- State Board of Pardons and Paroles
- State Board of Workers' Compensation
- Technical College System of Georgia
- Teachers' Retirement System of Georgia
- University System of Georgia
- Examining and Licensing Boards
- Advisory Boards
- Other Executive Agencies
- Interstate Agencies
- Authorities

LEGISLATIVE

General Assembly

- Senate
- House of Representatives

- Legislative Agencies
- Department of Audits and Accounts


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

State of Georgia

Principal State Officials
June 30, 2023

Executive:

Brian P. Kemp.......... *Governor*

Brad Raffensperger.......... *Secretary of State*

Chris Carr.......... *Attorney General*

Bruce Thompson.......... *Commissioner of Labor*

Richard Woods .... *State Superintendent of Schools*

John F. King.......... *Commissioner of Insurance*

Tyler Harper .... *Commissioner of Agriculture*

Terrel "Fitz" Johnson.......... *Public Service Commissioner*
Tim Echols (Vice Chairman).......... *Public Service Commissioner*
Lauren “Bubba” McDonald, Jr .... *Public Service Commissioner*
Tricia Pridemore (Chairman) .... *Public Service Commissioner*
Jason Shaw .... *Public Service Commissioner*

Legislative:

Burt Jones .... *Lieutenant Governor/President of the Senate*

Jon Burns .... *Speaker of the House of Representatives*

Judicial:

Michael P. Boggs .... *Chief Justice of the Supreme Court*


STATE OF GEORGIA
CONSTITUTION
WIS DOM
JUSTICE
MODER ATION
1776

ACKNOWLEDGMENTS

The Georgia Annual Comprehensive Financial Report for the fiscal year ending June 30, 2023 was prepared by:

STATE ACCOUNTING OFFICE

Kris Martins, Deputy State Accounting Officer, Financial Reporting

STATEWIDE ACCOUNTING AND REPORTING

Jocelyn Bautista	Tiara Linsey
Chelsea Bennett	Bogdana Matano
Dylan Cleveland	Makaila McAlpin
Renita Coleman	Vesna Mesihovic
Kristi Fuss	Akinola Morakinyo
Cynthia Goodwine	Caron Purvis
Tessica Harvey	Phyllis Raines
Rachael Krizanek	Anna Read
Kim Le	Donna G. Winn
Josie Ann Librada	

SPECIAL APPRECIATION

The State Accounting Office would like to extend special appreciation to all fiscal and accounting personnel throughout the State who contributed the financial information for their agencies. Additionally, the Division of Statewide Accounting and Reporting would like to acknowledge the efforts given by all of the functional and support personnel of the State Accounting Office.

STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

FINANCIAL SECTION

George L. Smith State Park
Twin City, Georgia
Submitted by the Georgia Department of Natural Resources

DOAA
Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Brian P. Kemp, Governor of Georgia
and
Members of the General Assembly of the State of Georgia

Report on the Audit of the Financial Statements

Disclaimer of Opinions and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, aggregate discretely presented component units, each major fund (except the unemployment compensation fund), and aggregate remaining fund information, and we were engaged to audit the business-type activities and unemployment compensation fund, of the State of Georgia (State) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	***Type of Opinion***
Governmental Activities	Unmodified
Business-type Activities	Disclaimer
Aggregate Discretely Presented Component Units	Unmodified
Governmental - General Fund	Unmodified
Governmental - General Obligation Bond Projects Fund	Unmodified
Enterprise - Higher Education Fund	Unmodified
Enterprise - State Health Benefits Plan Fund	Unmodified
Enterprise - Unemployment Compensation Fund	Disclaimer
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinions on Business-type Activities and Unemployment Compensation Fund

We do not express an opinion on the accompanying financial statements of the business-type activities and unemployment compensation fund and the respective changes in financial position for the year ended June 30, 2023. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on Business-type Activities and Unemployment Compensation Fund section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the business-type activities and unemployment compensation fund of the State.

Unmodified Opinion on Each of the Other Opinion Units

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, aggregate discretely presented component units, each major fund (except the unemployment compensation fund), and aggregate remaining fund information of the State as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The financial statements of the entities listed below were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those entities, are based solely on the reports of the other auditors.

AU Health System, Inc.
Augusta University Foundation, Inc. and Subsidiaries
Augusta University Real Estate Corporation - Cyber
Augusta University Real Estate Foundation, Inc.
Augusta University Research Institute, Inc.
Employees' Retirement System of Georgia
Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia Environmental Finance Authority
Georgia Gwinnett College Foundation, Inc.
Georgia Housing and Finance Authority
Georgia Lottery Corporation
Georgia Ports Authority
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State Financing and Investment Commission
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Foundation, Inc.
Georgia Tech Research Corporation
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
Teachers Retirement System of Georgia
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

Those financial statements represent part or all of the total assets, net position or fund balances, and revenues or additions of the governmental activities, the business-type activities, the aggregate discretely presented component units, the major governmental fund - general obligation bond projects fund, and the aggregate remaining fund information as reported in the following table:

Opinion Unit	Percent of Total Assets	Percent of Net Position/ Fund Balance	Percent of Total Revenues/ Additions
Governmental Activities	4%	6%	2%
Business-type Activities	2%	6%	0%
Aggregate Discretely Presented Component Units	86%	84%	94%
Governmental – General Obligation Bond Projects Fund	100%	99%	100%
Aggregate Remaining Fund Information	80%	82%	32%

Basis for Disclaimer of Opinion on Business-type Activities and Unemployment Compensation Fund

The State's Department of Labor was unable to provide sufficient appropriate audit evidence for the balances and financial activity of the receivables and payables of the unemployment compensation fund. There was a lack of internal controls over benefit payments, and we were unable to obtain sufficient appropriate audit evidence to determine or verify by alternative means whether certain paid claims met eligibility requirements. Also, as of the date of our audit report, management was still in the process of determining the balance for receivables and related payables due to overpayments of certain unemployment insurance claims. The State's records do not permit us, nor is it practical to extend or apply other auditing procedures, to obtain sufficient appropriate audit evidence to conclude that the receivable and payable balances and revenues, expenses and related cash flows in the unemployment compensation fund were free of material misstatement. As a result of these matters, we were unable to determine whether further audit adjustments may have been necessary in respect to the recorded or unrecorded receivables, payables, and the elements making up the statements of activities and cash flows.

Basis for Unmodified Opinions

We conducted our audit of the financial statements of the governmental activities, aggregate discretely presented component units, each major fund (except the unemployment compensation fund), and aggregate remaining fund information in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The other auditors audited the following financial statements in accordance with GAAS but not in accordance with *Government Auditing Standards*:

Augusta University Real Estate Corporation - Cyber
Augusta University Real Estate Foundation, Inc.
Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc.
Georgia Lottery Corporation
Georgia Southern University Housing Foundation, Inc. and Subsidiaries
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Foundation, Inc.
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
The University of Georgia Foundation
University of Georgia Athletic Association, Inc.
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
VSU Auxiliary Services Real Estate Foundation, Inc.

We are required to be independent of the State, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, in 2023, the State adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* and 94, *Public-Private and Public-Public Partnerships and Availability*

Payment Arrangements. The State restated beginning balances for the effect of GASB Statement No. 94 and 96. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, in 2023, the State restated the prior period financial statements due to changes in the financial reporting entity and to correct a misstatement. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's Responsibilities for the Audit of the Business-type Activities and Unemployment Compensation Fund

Our responsibility is to conduct an audit of the State's financial statements in accordance with GAAS and *Government Auditing Standards* and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on Business-type Activities and Unemployment Compensation Fund section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the unemployment compensation fund.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of the Governmental Activities, Aggregate Discretely Presented Component Units, Each Major Fund (except The Unemployment Compensation Fund), and Aggregate Remaining Fund Information

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State's ability to continue as a going concern for a reasonable period of time.

Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities include service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State. The Department of Audits and Accounts elected not to provide audit services for the organizational units of the State of Georgia associated with these boards.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance.

Supplementary Information

We were engaged for the purpose of forming opinions on the financial statements that collectively comprise the State’s basic financial statements. The accompanying supplementary information, as listed in the table of contents, and statistical section are presented for the purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we will also issue our report dated January 31, 2024 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report will be issued under separate cover. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

A copy of this report has been filed as a permanent record and made available to the press of the State, as provided for by Official Code of Georgia Annotated section 50-6-24.

Respectfully submitted,

Greg S. Griffin

Greg S. Griffin
State Auditor

January 31, 2024

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

MANAGEMENT'S
DISCUSSION AND ANALYSIS

INTRODUCTION

The *Management's Discussion and Analysis* (MD&A) of the State of Georgia's *Annual Comprehensive Financial Report* presents an overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2023. It should be read in conjunction with the letter of transmittal, located in the Introductory Section of this report, and the State's financial statements, including the notes to the financial statements, which are an integral part of the statements that follow this narrative.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide

- Net Position - Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $51.7 billion. Contributing to this amount, an excess of $7.6 billion was reported as unrestricted net position.

- Changes in Net Position - The State's total net position increased by $9.4 billion in fiscal year 2023 compared to the balances reported in the prior year. More specifically, net position of governmental activities increased by $8.0 billion while net position of business-type activities increased by $1.4 billion.

- Excess of Revenues over Expenses – Governmental Activities - The State's total revenues for governmental activities, which totaled $72.0 billion were $11.8 billion more than total expenses (excluding transfers). General revenues, which are primarily comprised of tax collections, totaled $35.9 billion, and program revenues, which primarily come from operating grants and contributions, totaled $36.1 billion.

Fund Level

- Governmental Funds – Fund Balances - The governmental funds reported combined ending fund balances of $29.1 billion. This amount represents an increase of $6.1 billion (26.5%) (as restated), when compared with the prior year. Of this total fund balance, $41.8 million (0.1%) represents nonspendable fund balance; $10.1 billion (34.6%) represents restricted fund balance; $38.1 million (0.1%) represents committed fund balance; $3.1 billion (10.8%) represents assigned fund balance; and $15.8 billion (54.3%) represents unassigned fund balance.

- General Fund – Fund Balances - The General Fund ended the fiscal year with a total fund balance of $25.8 billion, of which $15.8 billion was classified as unassigned fund balance. Total revenues represents an increase by $6.7 billion (10.5%) over the prior year.

- Enterprise Funds – Net position - The Enterprise Funds ended the fiscal year with a total net position of $7.2 billion. More specifically, the major funds areas with significant net positions were the Higher Education Fund of $4.3 billion, the Unemployment Compensation Fund of $1.7 billion, and the State Health Benefit Plan (SHBP) of $928.9 million.

Long-term Debt

The long-term bond debt of the primary government, prior to restatements, decreased $487.2 million (4.0%) during the fiscal year. The decrease represents a significant number of early retirements of debt, a refunding issuance along with the normal net difference between new issuances and maturing principal payments. The amount owed for general obligation (GO) bonds decreased by $398.4 million (3.6%) for the primary government. The amount owed for Grant Anticipation Revenue Vehicle (GARVEE) bonds/revenue bonds decreased $88.9 million (7.4%) for the primary government. The State issued new bonded debt during the year in the amount of $1.2 billion for the primary government. The State continues to balance the need to issue debt for capital improvements against State management's desire to maintain a conservative approach to debt management.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report includes four parts: (1) management's discussion and analysis, (2) basic financial statements, (3) required supplementary information, and (4) other supplementary information. The Basic Financial Statements consist of three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

Government-wide Financial Statements – Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities together comprise the government-wide financial statements and provide a broad overview of the State's financial activities as a whole. These statements are prepared with a long-term focus using the full-accrual basis of accounting, similar to private-sector businesses. This means all revenues and expenses associated with the fiscal year are recognized regardless of when cash is spent or received, and all assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level.

The government-wide statements report the State's net position, which is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. These statements also include how these items have changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is improving or declining. In evaluating the State's overall condition, however, additional non-financial information should be considered, such as the State's economic outlook, changes in demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

- Governmental Activities - The majority of the State's basic services fall under this activity, including services related to general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, and conservation. Taxes and intergovernmental revenues are the major funding sources for these programs.

- Business-Type Activities - The State operates certain activities similar to private-sector businesses by charging fees to customers to recover all or a significant portion of their costs of providing goods and services. The Unemployment Compensation Fund, the self-insured SHBP, and the Higher Education Fund are some examples of business-type activities. The Higher Education Fund consists of the University System of Georgia (USG) and the Technical College System of Georgia.

- Component Units - Certain organizations are legally separate from the State; however, the State remains financially accountable for them. The Georgia Environmental Finance Authority, Georgia Housing and Finance Authority, and Georgia Lottery Corporation are examples of component units.

Fund Financial Statements – Reporting the State's Most Significant Funds

The fund financial statements provide detailed information about individual major funds, not the State as a whole, and are located in the Basic Financial Statements – Fund Financial Statements section. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses funds to ensure and demonstrate compliance with finance-related and legal requirements. All of the State funds are divided into three types, each of which use a different accounting approach and should be interpreted differently:

- Governmental Funds - Most of the basic services provided by the State are financed through governmental funds and are essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual basis of accounting, and focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These statements provide a detailed short-term view of the State's finances that assist in determining whether there will be adequate financial resources available to meet the current needs of the State.

- Proprietary Funds - The Proprietary funds, which include enterprise funds and internal service funds, account for state activities that are similar to private-sector businesses. Like government-wide statements, proprietary fund statements are presented using the full-accrual basis of accounting. Activities whose customers are mostly outside of state government are accounted for in enterprise funds and are the same functions reported as business-type activities. The enterprise fund financial statements provide more detail and additional information than in the government-wide statements, such as cash flows. Activities whose customers are mostly other state organizations are accounted for in internal service funds. The internal service fund activities are allocated proportionately between the governmental activities (predominately) and the business-type activities in the government-wide statements based on the benefit of the services provided to those activities.

- Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the state government. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use full-accrual accounting but are not reflected in the government-wide financial statements because the resources from these funds are not available to support the State's own programs.

Reconciliation between Government-wide and Fund Statements

This report also includes two schedules that reconcile and explain the differences between the amounts reported for the governmental activities on the government-wide statements (full-accrual accounting, long-term focus) with the amounts reported on the governmental fund statements (modified accrual accounting, short-term focus). The schedules are located in the Basic Financial Statements – Fund Financial Statements – Governmental Funds section. The following explanations represent some of the reporting differences between the two statements:

- Capital outlays result in capital assets on the government-wide statements but are reported as expenditures in the governmental fund financial statements.

- Bond proceeds are recorded as long-term debt on the government-wide statements but are listed as current financial resources on the governmental fund statements.

- Net pension and other postemployment (OPEB) assets/liabilities are reported on the government-wide statements but are not reported on the governmental fund statements.

Notes to the Financial Statements

The notes to the financial statements located at the end of the basic financial statements section provide additional information essential to a complete understanding of the financial statements. The notes are applicable to both the government-wide financial statements and the fund financial statements.

Required and Other Supplementary Information

In addition to this MD&A, the basic financial statements are followed by a section containing other required supplementary information which further explains and supports the information in the financial statements. This section of the report includes: (1) a budgetary comparison schedule of the General Fund (Budget Fund), including reconciliations of revenues and expenditures on the statutory and GAAP basis for the fiscal year, (2) information on the State's public entity risk pool, (3) information on the State's defined benefit pension plans and (4) information on the State's OPEB plans. Other supplementary information includes combined financial statements for the State's nonmajor governmental funds, nonmajor enterprise funds, internal service funds, fiduciary funds and non-major component units. The total columns of these combined financial statements carry forward to the applicable fund financial statements.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

Governmental entities are required by Generally Accepted Accounting Principles (GAAP) to report on their net position. The *Statement of Net Position* presents the value of all of the State's assets and deferred outflows of resources, as well as all liabilities and deferred inflows of resources, with the difference reported as net position.

As shown in Table 1 on the following page, the State reported a total net position of $51.7 billion, which is comprised of $31.9 billion in net investment in capital assets, $12.3 billion in restricted net position, and an unrestricted portion of net position excess of $7.6 billion.

Based on the positive balance in unrestricted net position, funds were available to the state for discretionary purposes which has not been the case prior to fiscal year 2022. In fiscal year 2023, the state exceeded the maximum legal limit of state general receipts with the excess reported as surplus for a 3rd year in a row. The following table was derived from the current and prior year government-wide *Statement of Net Position*.

(Table on next page)

Table 1 - Net Position

As of June 30, 2023 and 2022 (amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Assets						
Non-Capital Assets	$ 46,777,591	$ 40,908,914	$ 8,074,594	$ 6,926,820	$ 54,852,185	$ 47,835,734
Capital and Right-to-Use Assets, net	29,394,946	27,676,650	12,663,442	12,325,498	42,058,388	40,002,148
Total Assets	76,172,537	68,585,564	20,738,036	19,252,318	96,910,573	87,837,882
Deferred Outflows of Resources	3,536,335	1,692,724	3,430,732	2,099.752	6,967,067	3,792,466
Liabilities						
Noncurrent Liabilities	19,470,006	15,211,157	13,414,585	10,548,885	32,884,591	25,760,042
Current Liabilities	13,755,542	13,480,546	1,593,441	1,482,770	15,348,983	14,963,316
Total Liabilities	33,225,548	28,691,703	15,008,026	12,031,655	48,233,574	40,723,358
Deferred Inflows of Resources	1,614,674	4,735,679	2,285,841	3,801,272	3,900,515	8,536,951
Net Position						
Net Investment in Capital Assets [1]	25,910,175	23,922,912	9,433,321	9,103,939	31,890,611	29,653,291
Restricted	9,537,871	8,797,900	2,721,596	2,258,572	12,259,467	11,056,472
Unrestricted [1]	9,420,604	4,130,094	(5,280,016)	(5,843,378)	7,593,473	1,660,276
Total Net Position	$ 44,868,650	36,850,906	$ 6,874,901	$ 5,519,133	$ 51,743,551	$ 42,370,039
Percent Change in Total:						
Net Position from Prior Year	21.8 %		24.6 %		22.1 %	
Percent Change after Restatements	21.4 %		24.6 %		21.9 %	

[1] Refer to Note 4 for additional details

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

Net position for governmental activities as originally reported increased by $8.0 billion (21.8%), and also increased by $7.9 billion (21.4%), when adjusted for restatements. The excess unrestricted balance of $9.4 billion is primarily the result of the following types of transactions:

- The State continues to issue general obligation debt for the purposes of capital acquisition and construction on behalf of independent school systems, business-type activities, component units and State schools. Since the issuance of this debt does not result in capital assets acquisitions for governmental activities, the debt of $5.8 billion is not reflected in the net position category, net investment in capital assets, but rather in the unrestricted net position category.

- GASB Statement No. 68 (GASB 68), as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2023, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $3.7 billion impact to unrestricted net position.

- GASB Statement No. 75 (GASB 75), as related to OPEB, required the State to recognize its proportionate share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2023, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $476.1 million impact to unrestricted net position.

- The above excess net position includes $5.2 billion in Revenue Shortfall Reserves (RSR) and an additional $10.9 billion that was in excess of the 15% legal limit in the RSR.

Net position for business-type activities as originally reported increased by $1.4 billion (24.6%), and also increased by $1.4 billion (24.6%), when adjusted for restatements. The deficit unrestricted balance of $5.3 billion is primarily due to net pension and OPEB liabilities as follows:

- GASB 68, as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2023, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $3.0 billion impact to unrestricted net position.

- GASB 75, as related to OPEB, required the State to recognize its proportionate share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2023, this liability, along with associated deferred outflows of resources and deferred inflows of resources, resulted in a $4.8 billion impact to unrestricted net position.

Changes in Net Position

The revenue and expense information, as shown in Table 2 on the following page, was derived from the government-wide *Statement of Activities* and summarizes the State's total revenues, expenses and changes in net position for fiscal year 2023. Consistent with the prior year, the State received a majority of its $84.0 billion in revenues from taxes and operating grants and contributions. Expenses of the primary government during fiscal year 2023 were $74.7 billion with the increase over the prior year driven largely by increased spending on ESSER II & III grants as well as increased directed payments at the Department of Community Health. As a result of the excess revenues over expenses, the total net position of the primary government increased by $9.3 billion, before contributions to permanent endowments and transfers.

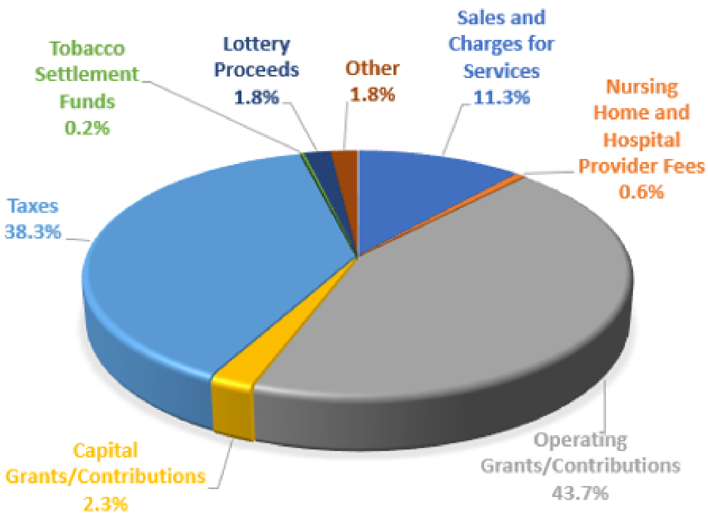
(Table on next page)

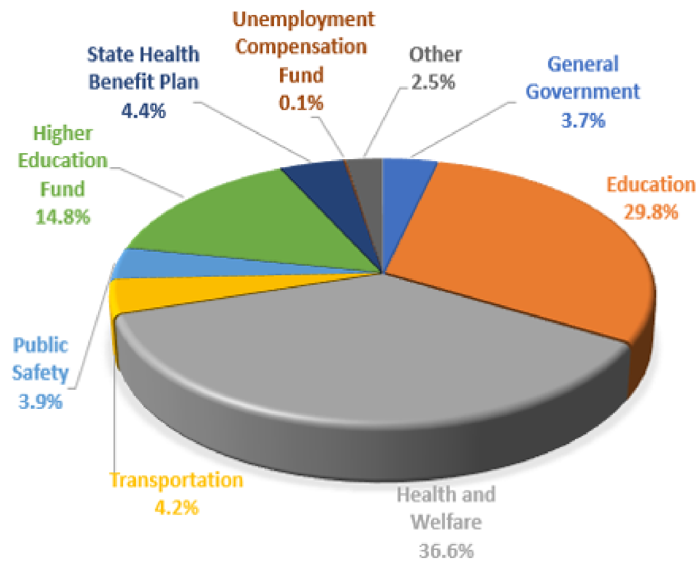
Table 2 - Changes in Net Position
For the Years Ended June 30, 2023 and 2022 (amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022 to 2023
Revenues:							
Program Revenues:							
Sales and Charges for Services	$ 1,697,293	$ 1,973,378	$ 7,796,377	$ 7,509,746	$ 9,493,670	$ 9,483,124	0.1%
Operating Grants/Contributions	32,520,757	27,055,205	4,161,060	5,030,248	36,681,817	32,085,453	14.3%
Capital Grants/Contributions	1,837,763	1,522,385	58,107	54,308	1,895,870	1,576,693	20.2%
General Revenues:							
Taxes	32,167,253	32,221,501	—	—	32,167,253	32,221,501	(0.2%)
Lottery for Education - Lottery Proceeds	1,516,383	1,474,003	—	—	1,516,383	1,474,003	2.9%
Nursing Home and Hospital Provider Fees	532,147	525,555	—	—	532,147	525,555	1.3%
Tobacco Settlement Funds	164,832	180,573	—	—	164,832	180,573	(8.7%)
Unrestricted Investment Income	1,064,891	(24,622)	—	—	1,064,891	(24,622)	(4,425.0%)
Unclaimed Property	232,593	129,263	—	—	232,593	129,263	79.9%
Other	251,001	217,998	—	—	251,001	217,998	15.1%
Total Revenues	71,984,913	65,275,239	12,015,544	12,594,302	84,000,457	77,869,541	7.9%
Expenses:							
General Government	2,752,005	1,858,419	—	—	2,752,005	1,858,419	48.1%
Education	22,276,859	17,159,895	—	—	22,276,859	17,159,895	29.8%
Health and Welfare	27,314,597	25,394,670	—	—	27,314,597	25,394,670	7.6%
Transportation	3,151,843	2,877,965	—	—	3,151,843	2,877,965	9.5%
Public Safety	2,896,710	2,678,996	—	—	2,896,710	2,678,996	8.1%
Economic Development and Assistance	822,101	600,685	—	—	822,101	600,685	36.9%
Culture and Recreation	403,942	328,455	—	—	403,942	328,455	23.0%
Conservation	81,294	76,462	—	—	81,294	76,462	6.3%
Interest and Other Charges on Long-Term Debt	520,199	335,152	—	—	520,199	335,152	55.2%
Higher Education Fund	—	—	11,074,416	10,541,832	11,074,416	10,541,832	5.1%
State Health Benefit Plan	—	—	3,280,753	3,477,097	3,280,753	3,477,097	(5.6%)
Unemployment Compensation Fund	—	—	83,294	253,672	83,294	253,672	(67.2%)
Nonmajor Enterprise Funds	—	—	66,272	67,034	66,272	67,034	(1.1%)
Total Expenses	60,219,550	51,310,699	14,504,735	14,339,635	74,724,285	65,650,334	13.8%
Increase (Decrease) in Net Position Before Contributions and Transfers	11,765,363	13,964,540	(2,489,191)	(1,745,333)	9,276,172	12,219,207	
Contributions to Permanent Endowments	—	—	3,142	11,817	3,142	11,817	
Transfers	(3,841,817)	(3,785,712)	3,841,817	3,785,712	—	—	
Change in Net Position	7,923,546	10,178,828	1,355,768	2,052,196	9,279,314	12,231,024	
Net Position July 1 - Restated	36,945,104	26,672,078	5,519,133	3,466,937	42,464,237	30,139,015	
Net Position June 30	$ 44,868,650	$ 36,850,906	$ 6,874,901	$ 5,519,133	$ 51,743,551	$ 42,370,039	22.1 %

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

(Charts on next page)





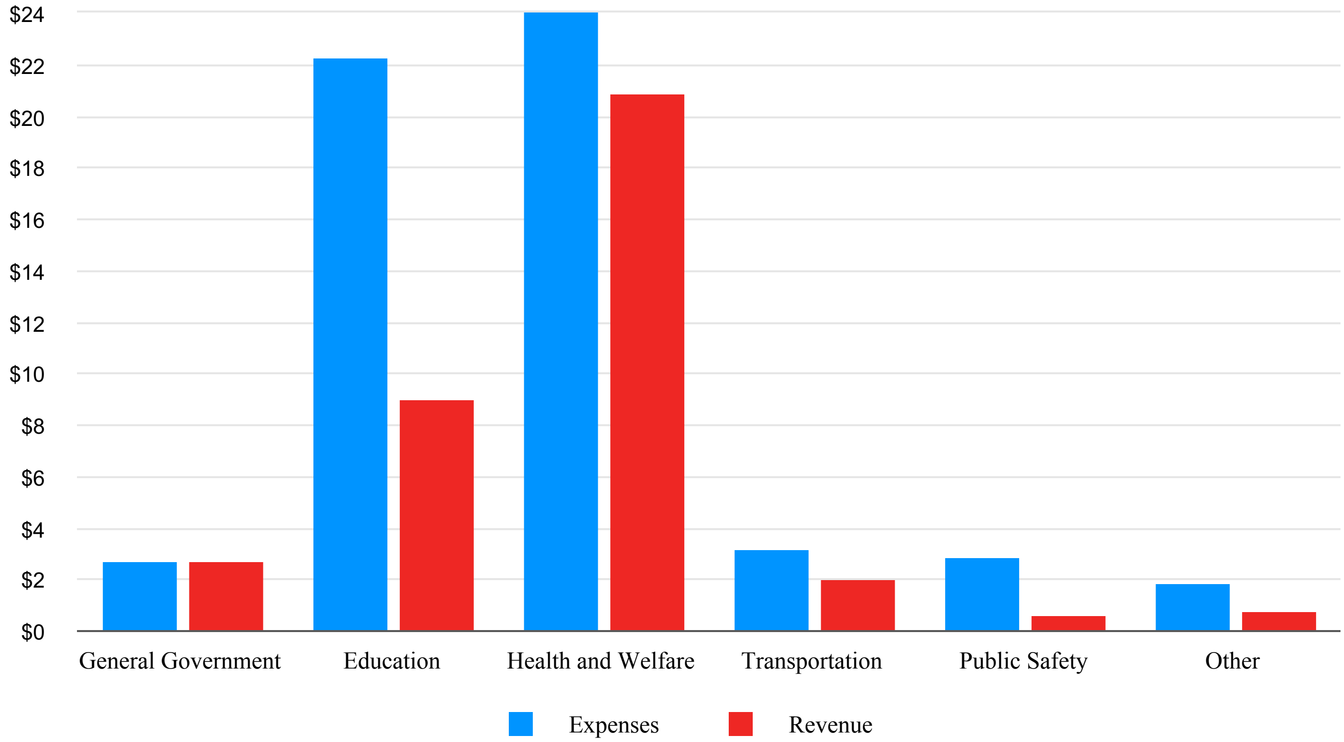
Governmental Activities

The State's total revenues for governmental activities from all sources increased by $6.7 billion (10.3%). The primary driver of this change was an increase in operating grants and contributions of $5.5 billion (20.2%), of which Education had the highest increase of $4.2 million, primarily due to ESSER II & IIII grants. Unrestricted investment income also increased by $1.1 billion due to increased rates in fiscal year 2023. Governmental Activities expenses increased by $8.9 billion, of which there was a $5.1 billion increase in the Education function, primarily due to ESSER II & IIII grant payments made to local education authorities and Health and welfare increases of $1.9 billion, primarily due to to several new directed payments at the Department of Community Health.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. During fiscal year 2023, program revenues covered $36.1 billion (59.9%) of the $60.2 billion in total program expenses. For the remaining $24.2 billion (40.1%) of the total program expenses, the State relied on taxes and other general revenues.

(Charts on next page)

Table 3 – Net Program Revenue
For the Year Ended June 30, 2023 (amounts in billions)



<u>Business-type Activities</u>

The State's revenues for business-type activities decreased $578.8 million (4.6%), primarily driven by operating grants decreases at the Department of Labor of $718.5 million; however, due to the disclaimer of opinion on this fund type, the results were not analyzed. The decrease in operating grants were offset by increases in the State Health Benefit Plan (SHBP) Sales and Charges for services of $365.4 million, largely due to a considerable increase in the employer rate on a per member per month (PMPM) basis for the active members in the School plan. The State's expenses for business-type activities were relatively flat, and only increased by $165.1 million (1.2%). As a result of the excess revenues over expenses, the total net position of the business-type activities increased by $1.4 billion (24.6%) during the fiscal year.

In fiscal year 2023, business-type activities expenses were funded 82.8% from program revenues compared to 87.8% in the prior year. The remaining expenses were funded by $3.8 billion in transfers from governmental activities, of which the majority were State Appropriations to the Higher Education Fund.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2023, the State's governmental funds reported a combined ending fund balance of $29.1 billion. Of this amount $10.1 billion (34.6%) is restricted for specific programs by constitutional provisions, external constraints, or contractual obligations and $15.8 billion (54.3%) of fund balance is unassigned.

General Fund

The General Fund is the chief operating fund of the State and had a total fund balance of $25.8 billion as of fiscal year end. The net change in fund balance, prior to restatements, during the fiscal year was an increase of $5.8 billion (28.7%). The following major revenues, expenditures and other sources/uses contributed to the change in fund balance:

- Revenues - Revenues of the General Fund totaled $70.8 billion in the fiscal year, represents an increase of $6.7 billion (10.5%) over the prior year. These increases are primarily related to the following:
    - Federal Revenue at the Department of Education increased by $3.8 million, due to ESSER II & IIII grants, which are sunsetting in the fall of 2024.
    - Revenues at the Office of the Commissioner of Insurance increased by $255.2 million due to the new State Innovation Waiver under Section 1332 of the Affordable Care Act (Reinsurance) Grant and the State Flexibility Program Grant.
    - The Department of Community Health increase of $987.8 million is related to Disproportionate Share Hospital (DSH) rate increases for private deemed and non-deemed hospitals, Hospital Directed Payment Program, Ambulance Provider Payment Program, and Medicaid utilization rate.
    - Federal revenues at the Department of Human Services decreased $587.5 million, which is attributed to a decrease in Coronavirus Relief funds, as this program ended in fiscal year 2022, partially offset by an increase in funds from the American Rescue Plan Act (APRA) funding received in fiscal year 2023.

- Expenditures - Expenditures of the General Fund totaled $59.9 billion in the fiscal year, an increase of $8.1 billion (15.7%) over the prior year.
    - Education expenses increased $4.9 billion, primarily due to ESSER II & IIII grants, which are sunsetting in the fall of 2024.
    - Health and welfare expenses increased by $1.8 billion. The increase is primarily due to several new directed payments at the Department of Community Health.
    - General Government expenses increased by $513.4 million, primarily due to new State Innovation Waiver under Section 1332 of the Affordable Care Act (Reinsurance) Grant and the State Flexibility Program Grant.

<u>Capital Project Fund - General Obligation Bond Projects Fund</u>

Fund balance in the General Obligation Bond Projects Fund increased by $373.1 million (23.1%) from the prior year. This was primarily the result of general revenues, debt issuances and transfers exceeding capital expenditures and transfers out. Capital outlay expenditures increased by $53.9 million (7.0%) from the prior year, due to a Department of Transportation project authorized to repair, replace, and renovate roads and bridges, statewide.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

<u>Higher Education Fund</u>

The total net position of the Higher Education Fund (as restated) increased $634.3 million (17.2%).

While operating revenues of the Higher Education Fund remained relatively flat and only increased by $67.6 million (1.1%), nonoperating revenues reported a $638.6 million (20.2%) increase in transfers in.

Operating expenses increased by $622.4 million (6.1%) primarily a result of changes at the University System of Georgia (USG) as follows.

- Decrease in Scholarships and Fellowship of $329.6 million, due to the result of the HEERF scholarship funds being utilized fiscal year 2022 with less funds remaining and available in fiscal year 2023.
- Increase in Faculty salaries of $60.7 million and staff salaries of $118.7 million, mostly due to cost-of-living adjustments approved by the state legislature for eligible state employees.
- Increase in supplies and other services of $217.3 million, primarily due to increase in grants and contracts.

The increase in Higher Education expenses were also affected by changes in Pension and OPEB expenses as follows:

- Increase in Pension expense of $747.3 million primarily due to the changes of assumptions and difference between expected and actual experience.
- Decreases in benefits related to OPEB expense of $227.8 million, primarily due to a change in the discount rate.

Nonoperating revenues (net of expenses) decreased $267.9 million (14.9%) primarily due to non-operating grants and contracts decreases of $320.8 million at the USG, mostly due to exhausting remaining federal HEERF funds. The USG was awarded one time funding of $282.6 million through the CARES act in fiscal 2020 (HEERF I), $1.3 billion through HEERF II and III awards in fiscal year 2021 and a further $3.7 million through SSARP as part of HEERF II in fiscal year 2022. During fiscal 2023, $315.2 million was recognized as revenue from these funding sources.

Capital grants and contributions decreased $195.3 million (42.0%), primarily due to Georgia State Financing and Investment Commission (GSFIC) managed projects that were completed and transferred to the USG during fiscal year 2022 and 2023. GSFIC transferred two completed projects totaling $121.3 million to the USG in fiscal year 2023. In comparison, GSFIC transferred eleven completed projects totaling $284.9 million to the USG in fiscal year 2022.

In addition, the Higher Education Fund received an increase of $638.6 million (20.2%) of transfers in. The increase at BOR related to State appropriations was $489.1 million, primarily related to funds provided by the state which allowed for the elimination of the Special Institutional Fee in the amount of $229.6 million at the USG, the $5,000 cost-of-living adjustment for full-time state funded employees, and the increase related to formula funding (the accepted calculation for the state's funding portion of specific USG growth metrics). The increase at Technical College System of Georgia (TCSG) of $149.5 million of State appropriations was for construction activities.

The Higher Education Fund had an increase of $209.7 million (5,098.6%) of transfers out, primarily due to increased cash supplements from the TCSG to GSFIC, related to upcoming construction activities.

State Health Benefit Plan

Operating revenues for SHBP increased by $365.4 million (11.8%) and operating expenses decreased by $196.3 million (5.6%) due to a significant reduction in benefits expenses. This resulted in a corresponding increase in operating income of $561.8 million. The increase in operating income is largely due to a considerable increase in the employer rate on a per member per month (PMPM) basis for the active members in the School plan. The rate increased mid-fiscal year from $945 PMPM to $1,580 PMPM beginning with January payroll and the expense decrease is due to decreased enrollment.

Unemployment Compensation Fund

Due to the disclaimer of opinion on the Unemployment Compensation Fund, the results of this fund are not being analyzed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State’s capital assets, prior to restatements, increased by a net $1.8 billion (4.7%) during the year. The change consisted of a net increase in infrastructure of $206.6 million and a net increase in machinery and equipment of $106.1 million, as well as net increases in land, buildings and improvements other than buildings of $286.4 million, $282.0 million, and $28.1 million respectively. Additionally, construction in progress increased by $961.5 million.

At June 30, 2023, the State had General Fund commitments of $4.4 billion and Capital Project Fund commitments of $792.5 million for highway infrastructure and bridge construction. The State Road and Tollway Authority had $672.0 million of commitments, which is comprised of $562.3 million for the I-20 East Interchange Reconstruction Project, $61.5 million for the I-16 at I-95 Interchange and I-16 Widening from I-95 to I-516 Reconstruction Project and $48.2 million for the I-285 at SR 400 Interchange Reconstruction Project. Also, the USG had $1.0 billion in outstanding encumbrances at fiscal year end. In addition to these encumbrances, the USG had other significant unearned outstanding construction or renovation contracts in the amount of $17.2 million executed as of June 30, 2023.

Additional information on the State’s capital assets can be found in *Note 9 – Capital Assets and Intangible-Right-to-Use Assets* of the Notes to the Financial Statements section of this report.

(Table on next page)

Table 4 - Capital Assets, Net of Accumulated Depreciation As of June 30, 2023 and 2022 (amounts in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Buildings/Building Improvements	$ 2,412,451	$ 2,231,766	$ 9,788,877	$ 9,687,536	$ 12,201,328	$ 11,919,302
Improvements Other Than Buildings	153,787	132,864	247,265	240,079	401,052	372,943
Infrastructure	14,220,288	14,013,517	227,636	227,769	14,447,924	14,241,286
Intangibles - Other Than Software	143,928	137,817	—	—	143,928	137,817
Land	5,385,061	5,103,462	518,343	513,582	5,903,404	5,617,044
Library Collections	—	—	159,023	163,970	159,023	163,970
Machinery and Equipment	445,320	424,048	678,248	593,396	1,123,568	1,017,444
Software	219,292	234,221	65,215	92,586	284,507	326,807
Works of Art and Collections	1,421	1,421	62,666	63,656	64,087	65,077
Construction in Progress	5,371,984	4,533,421	351,753	228,844	5,723,737	4,762,265
Total	$ 28,353,532	$ 26,812,537	$ 12,099,026	$ 11,811,418	$ 40,452,558	$ 38,623,955

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

During fiscal year 2023, the State implemented GASB Statement No.96, Subscription-based information technology arrangements (SBITA). This statement provides uniform guidance for accounting and financial reporting transactions that meet the definition of a SBITA. Under this Statement, a lessee is required to recognize a subscription liability and an intangible right-to-use asset. As of June 30, 2023, the State's Intangible Right-To-Use Assets related to SBITA's totaled $282.8 million.

Table 5 - Intangible Right-To-Use Assets, Net of Accumulated Amortization As of June 30, 2023 and 2022 (amounts in thousands)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Land	$ 214	$ 182	$ 2,112	$ 1,634	$ 2,326	$ 1,816
Infrastructure	—	3	5,528	1,481	5,528	1,484
Buildings and Building Improvements	728,814	602,308	447,762	495,195	1,176,576	1,097,503
Improvements Other Than Buildings	—	—	(3,162)	6,009	(3,162)	6,009
Machinery and Equipment	120,679	261,620	10,299	9,770	130,978	271,390
Software Development in progress	10,821	—	—	(9)	10,821	(9)
Subscription Based IT Arrangements (SBITAs)	180,886	—	101,877	—	282,763	—
Total	$ 1,041,414	$ 864,113	$ 564,416	$ 514,080	$ 1,605,830	$ 1,378,193

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

Debt Administration

The Constitution authorizes issuing general obligation debt only as approved by the legislature and prohibits the issuance of general obligation bonds for operating purposes. The Constitution requires the State to maintain a reserve sufficient to pay annual debt service requirements on all general obligation debt. If for any reason the reserve balance is insufficient to make all debt service payments when due, the first revenues received thereafter in the General Fund will be set aside for such use. The Constitution also stipulates that no debt may be incurred when the highest aggregate annual debt service requirements for any year for outstanding general obligation debt and guaranteed revenue debt, including proposed debt, exceed 10% of the total revenue receipts, less refunds in the state treasury, in the fiscal year immediately preceding the year in which any such debt is to be incurred. At June 30, 2023, the State was $2.3 billion below the annual debt service limit established by the Constitution.

Table 6 - Net Outstanding Bond Debt
As of June 30, 2023 and 2022 (amounts in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	$10,549,292	$10,947,663	$ —	$ —	$10,549,292	$10,947,663
GARVEE Bonds	495,312	549,914	—	—	495,312	549,914
Revenue Bonds	19,622	43,224	599,411	610,031	619,033	653,255
	$11,064,226	$11,540,801	$ 599,411	$ 610,031	$11,663,637	$12,150,832

Note: Prior year adjustments recorded in the current year have not been reflected in the prior year column in the table above.

At the end of the fiscal year, the State had $11.7 billion in total outstanding bonded debt. Of this amount $10.5 billion (net of premiums and discounts) (90.4%), is secured by the full faith and credit of the government for general obligation bonds. Guaranteed revenue bonds of $619.0 million (5.3%) are secured primarily by toll revenues or applicable security deeds and related assignment of contract documents; and $495.3 million (4.2%) in State Road and Tollway Authority GARVEE bonds are secured by Federal Highway Administration grant funds and state motor fuel funds.

Total general obligation bonds, GARVEE bonds, and revenue bonds payable, net of premiums and discounts, decreased $398.4 million (3.6%), decreased $54.6 million (9.9%), and decreased $34.2 million (5.2%) respectively, prior to restatements. During the fiscal year, the State issued $1.2 billion of general obligation (GO) bonds, excluding premiums and discounts. Of the $1.2 billion of GO Bonds issued, $704.1 million were related to capital projects, while $487.6 million represented a refunding bond issuance. Of the capital projects authorized, there was $211.7 million for public safety projects, $194.2 million for higher education facilities, $135.2 million to advance "Growing Georgia" projects, $111.9 million for K-12 school facilities, $37.0 million in "Responsible and Efficient Government" projects, $11.1 million for public libraries, and $3.0 million for "Healthy Georgia" projects.

The State maintains a triple-A bond rating on its general obligation debt from all three national rating agencies. These ratings, the highest available, help the State achieve the lowest possible interest rates. Additional information regarding the State's outstanding debt can be found in *Note 10 – Long-Term Liabilities* of the notes to the financial statements section.

BUDGETARY HIGHLIGHTS

Fiscal Year 2023 Budget Highlights

The Amended Fiscal Year 2023 (AFY 2023) appropriations bill was signed by the Governor on March 10, 2023 as passed by the General Assembly.

Revenues

The AFY 2023 budget increased the total general fund revenue estimate over the original budget by $2.0 billion, based on FY 2022 actual revenue performance. The Amended budget prioritized fully funding growth needs for K-12 education and health care while providing for one-time investments in economic development initiatives statewide, and property tax relief for homeowners.

Revenue Estimates Since FY 2022
(In millions)

	AFY 2022 Estimate	FY 2022 Actuals	FY 2023 Original Estimate	AFY 2023 Estimate	Change Over FY 2022 Actuals	FY 2024 Estimate	Change Over AFY 2023 Estimate
General Funds							
Taxes: Revenue							
Income Tax - Individual	$ 13,818.26	$ 18,286.86	$ 14,101.90	$ 14,934.20	-18.3%	$ 14,706.90	-1.5%
Income Tax - Corporate	1,425.77	2,509.68	1,395.56	1,882.50	-25.0%	1,401.71	-25.5%
Sales and Use Tax-General	7,155.94	8,316.95	7,402.31	8,365.66	0.6%	8,365.66	0.0%
Motor Fuel	1,954.04	1,602.05	2,002.89	897.89	-44.0%	2,032.93	126.4%
Tobacco Taxes	240.00	238.57	237.00	237.00	-0.7%	234.63	-1.0%
Alcoholic Beverages Tax	239.70	228.62	245.00	230.00	0.6%	234.60	2.0%
Estate Tax	-	-	-	-		-	
Property Tax	-	0.38	-	-		-	
Motor Vehicle License Tax	390.00	413.34	370.00	390.00	-5.6%	368.55	-5.5%
Title Ad Valorem Tax	700.00	799.19	650.00	750.00	-6.2%	672.50	-10.3%
Insurance Premium Tax	550.80	643.22	560.00	580.00	-9.8%	560.00	-3.4%
Total Net Taxes	**$ 26,474.52**	**$ 33,038.85**	**$ 26,964.66**	**$ 28,267.25**	**-14.4%**	**$ 28,577.48**	**1.1%**
Total Interest Fees and Sales	**1,656.16**	**1,896.00**	**1,668.85**	**2,380.18**	**25.5%**	**2,206.99**	**-7.3%**
Total State General Funds	**$ 28,130.62**	**$ 34,934.86**	**$ 28,633.51**	**$ 30,647.43**	**-12.3%**	**$ 30,784.47**	**0.4%**
Lottery Funds	1,322.42	1,478.82	1,418.73	1,417.10	-4.2%	1,514.65	6.9%
Tobacco Settlement Funds	148.50	181.03	148.53	148.53	-18.0%	148.56	
Brain and Spinal Injury Trust Fund	1.36	1.36	1.61	1.61	18.4%	1.91	18.6%
Safe Harbor for Children Trust Fund	0.35	0.35	0.11	0.11	-68.6%	0.20	81.8%
Other State Revenue	-	-	-	-		-	
Total State Treasury Receipts	**$ 29,603.25**	**$ 36,596.47**	**$ 30,202.48**	**$ 32,214.78**	**-12.0%**	**$ 32,449.79**	**0.7%**
Supplemental Fund Sources							
Return of Audited Surplus	-	256.85	-	-		-	
Revenue Shortfall Reserve	-	-	-	-		-	
Mid-year Adjustment Reserve	285.92	285.92	-	349.35	22.2%	-	
TOTAL STATE TREASURY RECEIPTS	**$ 29,889.16**	**$ 37,139.24**	**$ 30,202.48**	**$ 32,564.13**	**-12.3%**	**$ 32,449.79**	**-0.4%**

Source: Governor's Office of Planning and Budget

Expenditures

The Amended FY 2023 budget increased the revenue estimate over the original budget by $2.0 billion in general fund revenue, based on FY 2022 actual revenue performance. Governor Brian Kemp signed the Amended FY 2023 budget on March 10, 2023. The Amended budget prioritized tax relief for Georgians, funding for health care and K-12 education needs, and continuing economic development investment opportunities.

Over $3 billion in tax relief for Georgians without impacting future revenues, including:

- $1 billion for one-time income tax refunds between $250 - $500 for all Georgia taxpayers
- $1.1 billion to suspend the motor fuel tax between July 1 - December 11
- $950 million for Homeowner Tax Relief Grants to provide an average of $500 in property tax relief for homeowners

Prioritizing health care for all Georgians:

- $92 million for the state health care reinsurance program to reduce insurance premiums statewide
- $428 million for K-12 employer contributions for the State Health Benefit Plan to support the Teachers' Plan
- $241 million for Medicaid enrollment growth offset by $506 million in FMAP savings from the public health emergency
- $105 million for an electronic health records system for the Medical College of Georgia
- $8.4 million for personnel and technology to prepare for expiration of the public health emergency

Economic Development and Infrastructure Investments:

- $166.7 million for the Regional Economic Business Assistance program
- $73.2 million for the Quick Start program to support the electric vehicle industry
- $115.7 million for school security grants of $50,000 per school
- $66.5 million for maintenance and security capital expenses for Department of Corrections
- $35 million to establish a Rural Workforce Housing Fund
- $20 million for demolition of unoccupied state facilities
- $34.5 million for a statewide public safety radio network

Georgia's fiscal year 2023 was a period of normalization as economic growth in Georgia slowed from the pace of the earlier recovery from the pandemic recession. Unemployment leveled off near record lows as the labor force grew slightly faster than the number of people with jobs. The continuing job growth in a tight labor market pushed personal income in the state up by 3.9 percent, supporting continuing strong consumer spending and growth of sales tax revenues. Overall, tax revenues were essentially flat despite the suspension of the motor fuel tax for just over half the year. Overall, Georgia's economic growth in 2023 has slowed but with a strong labor market and rising wages, the state's economy should be able to resist further pressures brought on by the Federal Reserve's current policy of higher interest rates aimed at reducing inflation to its longer-term target level.

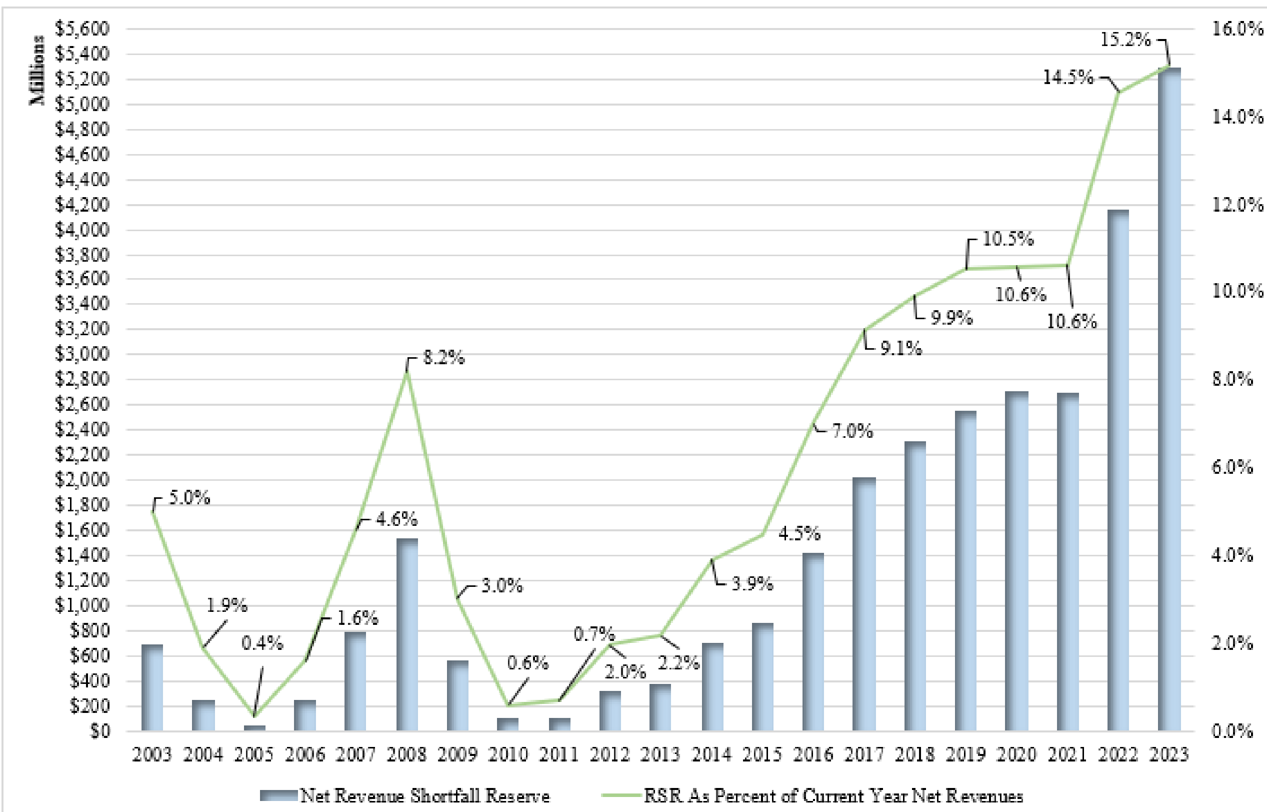
Revenue Shortfall Reserve (RSR)

The RSR provides for the sound management of excess revenue collections in any given fiscal year. By statute, all surplus State funds existing at the end of each fiscal year shall be reserved and added to the RSR. Each fiscal year, the General Assembly may appropriate from the RSR an amount up to 1% of the net revenue collections of the preceding fiscal year for funding increased K-12 education needs. Also, the Governor may release for appropriation by the General Assembly a stated amount of reserve funds in the RSR that are in excess of 4% of the net revenue collections of the preceding fiscal year. The RSR cannot exceed 15% of the previous fiscal year's net revenue collections.

By statute, 1% of fiscal year 2023 state general fund receipts/net revenue collections ($359.4 million) is available from the RSR for the mid-year K-12 education appropriation adjustment in the amended fiscal year 2024 budget. This amount had not been appropriated as of the date of this report, however, it has been included in the chart below.

The ending balance in the Revenue Shortfall Reserve (RSR), or "rainy day" fund, is a critical tool in helping to address budget shortfalls. While combating the impact of inflation and warnings of a potential recession, the State remained focused on maintaining the RSR. After adjusting for the current year agency lapse less the mid-year adjustment for education, the RSR balance as of June 30, 2023 is $5.2 billion. Current state law provides that the reserve cannot exceed 15% of the previous fiscal year's net revenue. In fiscal year 2023, the 15% legal limit was exceeded and the receipts in excess of the 15% ($10.9 billion) were reported as unreserved, undesignated surplus. Prior to mid-year adjustment for education, this increase in the RSR represents a sharp increase of $151.5 million from fiscal year 2022, and after the mid-year adjustment for education, an decrease of $134.5 million from fiscal year 2022.

Revenue Shortfall Reserve as a Percentage of State General Fund Receipts
(in millions)

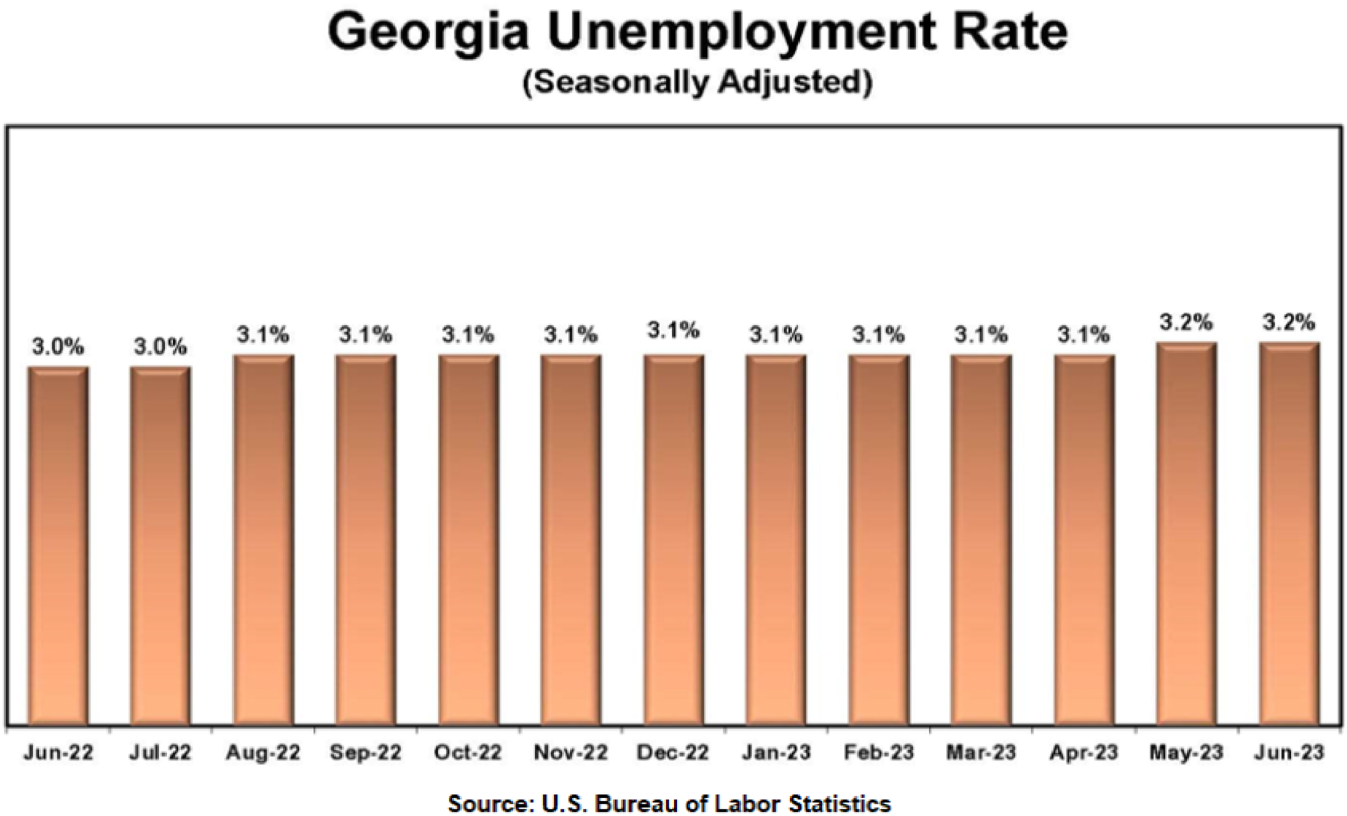


Source: State Accounting Office

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

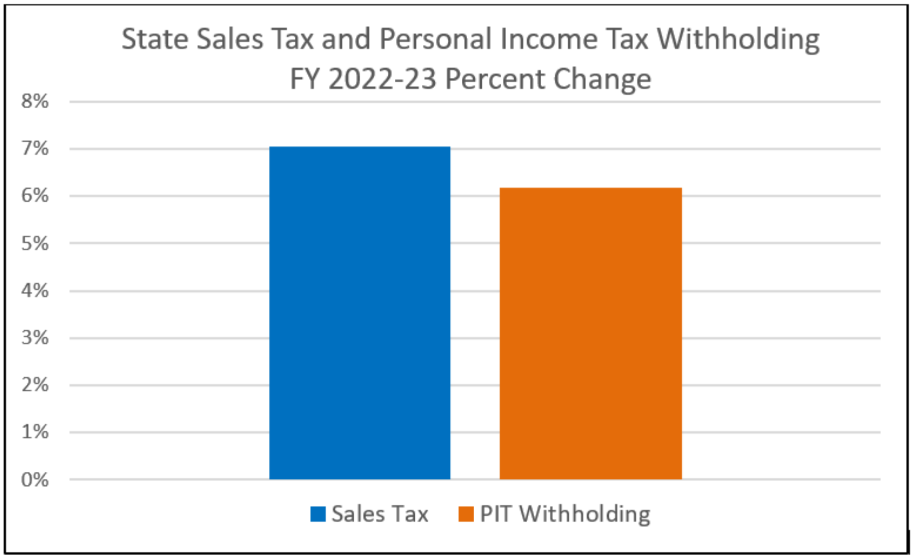
Economic Outlook

The Georgia economy in 2023 has remained strong with total employment growing by 105,800 jobs during the fiscal year, the largest gains coming in leisure and hospitality followed by education and health services. Still-tight labor markets and core inflation (CPI less food and energy) of 4.9 percent for the 12 months through June helped push wages and salaries higher in Georgia, resulting in 6.2 percent growth in income tax withholding in fiscal year 2023 (see figure) while the number of people with jobs grew by 0.9%. There was, however, some easing of tight labor market conditions as the state's unemployment rate rose slightly to 3.2 percent in June 2023 from the prior June's 3.0 percent.



Continuing labor market strength combined with the excess savings accumulated during the first six quarters of the pandemic have supported a strong consumer sector in Georgia, as evidenced by 7.1% growth in state sales tax collections for fiscal year 2023 over 2022, considerably above the rate of inflation (see figure). Excess household savings accumulated in the first year and a half of the pandemic, estimated for Georgia to exceed $50 billion in the summer of 2021 over what would have been expected with more typical saving rates, have dissipated only partially and household debt service ratios (payments as a percent of disposable income) remain at historically low levels. However, the surge in retail store sales in Georgia that began in early 2021 slowed over the year and year-to-year sales tax revenue comparisons fell to 3 percent growth, on average, for the last four months of the fiscal year.

(Chart on next page)



Heading into fiscal year 2024, Georgia's economy faces some headwinds. Though it has rebounded from June 2022 lows, consumer sentiment remains relatively low due to concerns over high interest rates, continuing inflation, and the potential economic impacts of international conflicts. As Federal Reserve monetary policy remains focused on fighting inflation, higher interest rates are a major headwind to the economy, especially pressuring home sales and large durable goods purchases. While many signs point to an economic slowdown, job openings remain strong while job layoffs and discharges remain low, and the continuing financial health of households suggests that Georgia families are well situated to weather a slowdown in 2024.

In short, Georgia's economy is healthy and growing but not immune to the cycles of the national economy. Though forecasters differ as to whether the nation will see a soft landing or a mild recession, a relatively mild national slowdown is likely to be felt in the state in the second half of fiscal year 2024.

Fiscal Year 2024 Budget Highlights

The $30.8 billion FY 2024 budget was signed by Governor Brian Kemp on May 5, 2023. The FY 2024 budget provides an additional $2.1 billion in funding over the original FY 2023 budget and assumes state general fund revenue growth of 0.4% over Amended FY 2023. The budget continues the state's investments in its workforce, fully funding education and supporting Georgia's teachers, improving access to affordable health care, and promoting workforce readiness for our citizens. The budget is structurally balanced with no use of one-time revenues or reserves.

Workforce Recruitment and Retention:

- $248 million for a $2,000 cost-of-living adjustment for full-time state employees
- $296 million for a $2,000 cost-of-living adjustment for certified K-12 teachers
- $20.6 million for a $2,000 cost-of-living adjustment for certified Pre-K teachers and assistant teachers
- $26.5 million for an additional $2,000-$4,000 salary increase for certain law enforcement officers

Promoting Affordable Health Care Access:

- $840 million for K-12 education to increase the State Health Benefit Plan employer premiums for the Teacher Plan
- $237.6 million for Medicaid and PeachCare for Kids for expense and enrollment growth
- $52.2 million for the Georgia Pathways to Coverage program

- $46 million for the state's health care reinsurance program to reduce costs of insurance premiums statewide
- $17.1 million for the Board of Regents for employer health premiums

Building the Workforce Pipeline:

- $50 million to increase HOPE Scholarship and Grant tuition awards to 100% to keep higher education affordable
- $46 million for Quick Start for a new electric vehicle training center
- $8.2 million for Technical Education for high-cost, high-demand programs in Aviation, Nursing, and CDL

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State's finances for all of the State's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, and Atlanta, Georgia 30334-9010.

BASIC FINANCIAL STATEMENTS

Statement of Net Position
June 30, 2023
(amounts in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 3,741,015	$ 1,594,275	$ 5,335,290	$ 1,075,600
Pooled Investments with State Treasury	27,925,169	1,824,007	29,749,176	2,452,064
Investments	3,329,011	779,656	4,108,667	1,573,459
Receivables (Net)				
Leases from				
Primary Government	—	3,604	3,604	108,989
External	958,420	—	958,420	375,291
Notes and Loans (Net)				
Primary Government	—	—	—	2,154,405
External	24,370	18,993	43,363	4,014,159
Other Receivables (Net)	7,952,552	995,225	8,947,777	1,106,659
Due from Primary Government	—	—	—	73,652
Due from Component Units	122,448	484,317	606,765	—
Internal Balances	573,095	(573,095)	—	—
Inventories	52,815	26,200	79,015	40,941
Prepaid Items	354,550	259,074	613,624	52,992
Other Assets	151,062	13	151,075	179,583
Restricted Assets				
Cash and Cash Equivalents	542,784	2,249,728	2,792,512	855,765
Pooled Investments with State Treasury	301,961	112,355	414,316	760,550
Investments	—	282,847	282,847	4,714,098
Receivables (Net)	377,517	—	377,517	227,407
Net Pension Asset	59,359	—	59,359	—
Net OPEB Asset	311,463	17,395	328,858	4,046
Non-depreciable Capital Assets	10,901,848	929,970	11,831,818	2,068,137
Depreciable Capital Assets (Net)	17,451,684	11,169,056	28,620,740	3,426,213
Non-amortized Right-to-Use Assets	10,821	—	10,821	—
Amortized Right-to-Use Assets (Net)	1,030,593	564,416	1,595,009	347,058
Total Assets	76,172,537	20,738,036	96,910,573	25,611,068
Deferred Outflows of Resources	3,536,335	3,430,732	6,967,067	235,892

(continued)

Statement of Net Position
June 30, 2023
(amounts in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Liabilities				
Accounts Payable and Accrued Liabilities	2,208,837	465,897	2,674,734	479,369
Local Education Agencies Payable	2,205,353	—	2,205,353	—
Due to Primary Government	—	—	—	606,765
Due to Component Units	52,704	20,948	73,652	—
Policy Claims and Uninsured Liabilities	3,818,574	416,288	4,234,862	11,856
Accrued Interest Payable	246,880	7,849	254,729	33,673
Contracts Payable	96,627	39,881	136,508	107,094
Funds Held for Others	306,523	21,023	327,546	104,926
Unearned Revenue	4,111,649	604,236	4,715,885	265,597
Other Liabilities	708,395	17,319	725,714	1,398,121
Noncurrent Liabilities:				
Due within one year				
Notes and Loans Payable				
Component Units	—	103,919	103,919	—
External	3,571	15,315	18,886	96,466
Lease Obligations				
Primary Government	—	—	—	178
Component Units	—	26,578	26,578	—
External	110,761	36,163	146,924	41,396
Subscription Obligations	63,127	27,976	91,103	10,444
Other Noncurrent Liabilities	1,117,045	208,114	1,325,159	314,240
Due in more than one year				
Notes and Loans Payable				
Component Units	—	2,049,253	2,049,253	—
External	40,318	249,835	290,153	215,335
Lease Obligations				
Primary Government	—	—	—	3,462
Component Units	—	132,563	132,563	—
External	753,138	279,563	1,032,701	237,708
Subscription Obligations	100,242	56,924	157,166	30,969
Net Pension Liability	6,569,759	5,498,313	12,068,072	315,363
Net OPEB Liability	362,776	4,011,655	4,374,431	103,151
Other Noncurrent Liabilities	10,349,269	718,414	11,067,683	6,062,860
Total Liabilities	33,225,548	15,008,026	48,233,574	10,438,973
Deferred Inflows of Resources	1,614,674	2,285,841	3,900,515	581,215

(continued)

Statement of Net Position
June 30, 2023
(amounts in thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Net Position				
Net Investment in Capital Assets [1]	25,910,175	9,433,321	31,890,611	3,748,749
Restricted for:				
Bond Covenants/Debt Service	2,554	34,162	36,716	83,709
Capital Projects	—	17,084	17,084	308,271
Guaranteed Revenue Debt Common Reserve Fund	45,082	—	45,082	—
Loan and Grant Programs	—	—	—	2,224,278
Lottery for Education	2,295,070	—	2,295,070	—
Motor Fuel Tax Funds	4,685,661	—	4,685,661	—
National Opioid Settlement	468,902	—	468,902	—
Nonexpendable:				
Permanent Trust	—	219,200	219,200	3,170,112
Other Programs	—	—	—	73,455
Other Benefits	—	394,600	394,600	—
Other Purposes	1,439,800	334,549	1,774,349	529,342
Permanent Trust Expendable	—	—	—	1,217,125
Transportation Investment Act	600,802	—	600,802	—
Unemployment Compensation Benefits	—	1,722,001	1,722,001	—
Unrestricted [1]	9,420,604	(5,280,016)	7,593,473	3,471,731
Total Net Position	$ 44,868,650	$ 6,874,901	$ 51,743,551	$ 14,826,772

[1] Refer to Note 4 for additional details

Statement of Activities
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

		Program Revenues		
	Expenses	Sales and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities:				
General Government	$ 2,752,005	$ 983,602	$ 1,719,201	$ 43,501
Education	22,276,859	9,995	8,976,869	—
Health and Welfare	27,314,597	163,710	20,744,072	1,673
Transportation	3,151,843	117,317	137,888	1,782,012
Public Safety	2,896,710	166,898	443,665	275
Economic Development and Assistance	822,101	56,941	376,058	—
Culture and Recreation	403,942	187,739	109,252	10,114
Conservation	81,294	11,091	13,752	188
Interest and Other Charges on Long-Term Debt	520,199	—	—	—
Total Governmental Activities	60,219,550	1,697,293	32,520,757	1,837,763
Business-type Activities:				
Higher Education	11,074,416	3,664,465	4,167,762	58,107
State Health Benefit Plan	3,280,753	3,467,702	33,994	—
Unemployment Compensation	83,294	583,218	(92,964)	—
Other Business-type Activities	66,272	80,992	52,268	—
Total Business-type Activities	14,504,735	7,796,377	4,161,060	58,107
Total Primary Government	$ 74,724,285	$ 9,493,670	$ 36,681,817	$ 1,895,870
Component Units				
A U Health Systems, Inc.	$ 1,343,571	$ 1,317,023	$ 6,005	$ 4,078
Georgia Environmental Finance Authority	61,711	36,150	186,245	—
Geo. L. Smith II Georgia World Congress Center Authority	156,007	55,021	7,602	—
Georgia Housing and Finance Authority	806,922	127,401	691,915	—
Georgia Lottery Corporation	5,945,882	5,931,995	5,592	—
Georgia Ports Authority	568,425	753,914	66,640	19,599
Georgia Tech Foundation, Incorporated	172,619	44,402	154,627	—
Nonmajor Component Units	3,023,582	784,677	2,462,569	16,680
Total Component Units	$ 12,078,719	$ 9,050,583	$ 3,581,195	$ 40,357

General Revenues:
- Taxes
  - Income Taxes - Individual
  - Sales and Use Taxes - General
  - Motor Fuel Taxes
  - Motor Vehicle License and Title Ad Valorem Taxes
  - Corporate Taxes
  - Other Taxes
- Lottery for Education - Lottery Proceeds
- Nursing Home and Hospital Provider Fees
- Tobacco Settlement Funds
- Unrestricted Investment Income/(Loss)
- Unclaimed Property
- Other
- Payments from the Primary Government

Contributions to Permanent Endowments

Transfers

Total General Revenues, Contributions to Permanent Endowments and Transfers

Change in Net Position

Net Position, July 1 - Restated (Note 3)

Net Position, June 30

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (5,701)		$ (5,701)	
(13,289,995)		(13,289,995)	
(6,405,142)		(6,405,142)	
(1,114,626)		(1,114,626)	
(2,285,872)		(2,285,872)	
(389,102)		(389,102)	
(96,837)		(96,837)	
(56,263)		(56,263)	
(520,199)		(520,199)	
(24,163,737)		(24,163,737)	
	$ (3,184,082)	(3,184,082)	
	220,943	220,943	
	406,960	406,960	
	66,988	66,988	
	(2,489,191)	(2,489,191)	
(24,163,737)	(2,489,191)	(26,652,928)	
			$ (16,465)
			160,684
			(93,384)
			12,394
			(8,295)
			271,728
			26,410
			240,344
			593,416
16,040,831	—	16,040,831	—
9,004,724	—	9,004,724	—
836,367	—	836,367	—
1,238,623	—	1,238,623	—
3,696,720	—	3,696,720	—
1,349,988	—	1,349,988	50,881
1,516,383	—	1,516,383	—
532,147	—	532,147	—
164,832	—	164,832	—
1,064,891	—	1,064,891	77,194
232,593	—	232,593	—
251,001	—	251,001	—
—	—	—	83,540
—	3,142	3,142	123,774
(3,841,817)	3,841,817	—	—
32,087,283	3,844,959	35,932,242	335,389
7,923,546	1,355,768	9,279,314	928,805
36,945,104	5,519,133	42,464,237	13,897,967
$ 44,868,650	$ 6,874,901	$ 51,743,551	$ 14,826,772

Balance Sheet
Governmental Funds
June 30, 2023
(amounts in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Assets				
Cash and Cash Equivalents	$ 2,362,954	$ 848,236	$ 501,898	$ 3,713,088
Pooled Investments with State Treasury	27,349,117	—	26,223	27,375,340
Investments	1,615,436	1,351,306	361,490	3,328,232
Receivables (Net)	8,699,666	—	67,286	8,766,952
Due from Other Funds	23,865	—	—	23,865
Due from Component Units	122,405	—	—	122,405
Inventories	27,188	—	1	27,189
Restricted Assets				
Pooled Investments with State Treasury	81,017	—	220,943	301,960
Cash and Cash Equivalents	—	—	542,785	542,785
Receivables	—	—	377,517	377,517
Other Assets	622,322	—	—	622,322
Total Assets	$ 40,903,970	$ 2,199,542	$ 2,098,143	$ 45,201,655
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts Payable and Other Accruals	$ 2,083,537	$ 50,701	$ 6,495	$ 2,140,733
Due to Other Funds	582,306	23,007	23,868	629,181
Due to Component Units	52,704	—	—	52,704
Local Education Agencies Payable	2,202,353	3,000	—	2,205,353
Policy Claims and Uninsured Liabilities	2,834,335	—	—	2,834,335
Contracts Payable	19,695	35,473	41,459	96,627
Bonds Payable	—	—	145,140	145,140
Interest Payable	—	—	12,653	12,653
Undistributed Local Government Sales Tax	7,000	—	—	7,000
Funds Held for Others	305,615	—	—	305,615
Unearned Revenue	4,099,410	3,056	117,231	4,219,697
Other Liabilities	520,951	94,366	2,080	617,397
Total Liabilities	12,707,906	209,603	348,926	13,266,435
Deferred Inflows of Resources	2,427,579	—	377,517	2,805,096
Fund Balances:				
Nonspendable	41,820	—	—	41,820
Restricted	7,331,778	1,451,617	1,304,843	10,088,238
Unrestricted				
Committed	38,112	—	—	38,112
Assigned	2,531,513	538,322	66,857	3,136,692
Unassigned	15,825,262	—	—	15,825,262
Total Fund Balances	25,768,485	1,989,939	1,371,700	29,130,124
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 40,903,970	$ 2,199,542	$ 2,098,143	$ 45,201,655

The notes to the financial statements are an integral part of this statement.

Reconciliation of Fund Balances
To the Statement of Net Position
June 30, 2023
(amounts in thousands)

Total Fund Balances - Governmental Funds (from previous page)		$ 29,130,124
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 5,369,744	
Buildings and Building Improvements	3,981,511	
Improvements Other Than Buildings	205,103	
Machinery and Equipment	1,502,746	
Infrastructure	37,486,876	
Construction in Progress	5,342,788	
Works of Art	147	
Intangibles - Other Than Software	145,703	
Software	630,608	
Accumulated Depreciation	(26,846,075)	27,819,151
Right-To-Use Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Software Development-In-Progress	10,821	
Buildings and Building Improvements	856,762	
Machinery and Equipment	6,028	
SBITAs	151,322	
Accumulated Amortization	(196,030)	828,903
Deferred inflows of resources are not reported in the governmental funds:		
Revenues are not available soon enough after year end to pay for current period's expenditures	1,881,585	
Related to OPEB	(479,981)	
Related to Pensions	(193,554)	1,208,050
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		1,347,503
Deferred outflows of resources are not reported in the governmental funds:		
Related to OPEB	431,508	
Related to pensions	3,004,299	3,435,807
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net OPEB Asset	306,010	
Net Pension Asset	59,359	365,369
Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds	(9,392,470)	
Premiums	(1,011,682)	
Deferred Amount on Refundings	56,252	
Accrued Interest Payable	(226,014)	
Revenue Bonds	(434,110)	
Premiums	(80,824)	
Deferred Amount on Refundings	(142)	
Accrued Interest Payable	(1,968)	
Lease Obligations	(722,933)	
Accrued Interest Obligation (leases)	(1,127)	
Subscription Obligations	(99,992)	
Accrued Interest Obligation (subscriptions)	(1,038)	
Compensated Absences	(389,309)	
Long-Term Notes	(21,269)	
Net OPEB Liability	(357,279)	
Net Pension Liability	(6,482,241)	
Other	(7,456)	
Pollution Remediation	(92,655)	(19,266,257)
Total Net Position - Governmental Activities		$ 44,868,650

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	General Fund	General Obligation Bond Projects Fund	Nonmajor Funds	Total
Revenues:				
Taxes	$ 31,940,137	$ —	$ —	$ 31,940,137
Licenses and Permits	478,030	—	—	478,030
Intergovernmental - Federal	32,454,952	15,891	—	32,470,843
Intergovernmental - Other	1,039,376	237,208	313,943	1,590,527
Sales and Services	690,629	—	102,920	793,549
Fines and Forfeits	535,414	—	—	535,414
Interest and Other Investment Income	1,052,304	80,789	45,824	1,178,917
Unclaimed Property	233,171	—	—	233,171
Lottery Proceeds	1,516,383	—	—	1,516,383
Nursing Home Provider Fees	144,713	—	—	144,713
Hospital Provider Payments	387,434	—	—	387,434
Other	370,451	131	1,757	372,339
Total Revenues	70,842,994	334,019	464,444	71,641,457
Expenditures:				
Current:				
General Government	2,444,675	2,143	1,369	2,448,187
Education	22,258,541	—	—	22,258,541
Health and Welfare	27,299,514	—	10,271	27,309,785
Transportation	3,714,939	—	367,768	4,082,707
Public Safety	2,903,372	—	—	2,903,372
Economic Development and Assistance	785,502	—	—	785,502
Culture and Recreation	413,453	—	—	413,453
Conservation	73,787	—	—	73,787
Capital Outlay	—	820,911	—	820,911
Debt Service				
Principal	—	—	1,131,640	1,131,640
Interest	—	—	428,261	428,261
Accrued Interest on Bonds Retired in Advance	—	—	660	660
Discount on Bonds Retired in Advance	—	—	(5,667)	(5,667)
Other Debt Service Expenditures	—	15,738	790	16,528
Intergovernmental	—	3,505	—	3,505
Total Expenditures	59,893,783	842,297	1,935,092	62,671,172
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,949,211	(508,278)	(1,470,648)	8,970,285
Other Financing Sources (Uses):				
Debt Issuance - General Obligation Bonds	—	704,075	—	704,075
Debt Issuance - Refunding Bonds	—	—	487,585	487,585
Debt Issuance - General Obligation Bonds - Premium	—	50,773	—	50,773
Debt Issuance - Refunding Bonds - Premium	—	—	38,929	38,929
Payment to Refunded Bond Escrow Agent	—	—	(525,723)	(525,723)
Lease Obligations Issuance	58,663	—	—	58,663
Subscription Obligations Issuance	56,887	—	—	56,887
Transfers In	327,817	403,489	1,689,255	2,420,561
Transfers Out	(5,774,804)	(276,955)	(105,486)	(6,157,245)
Net Other Financing Sources (Uses)	(5,331,437)	881,382	1,584,560	(2,865,495)
Net Change in Fund Balances	5,617,774	373,104	113,912	6,104,790
Fund Balances, July 1 - Restated (Note 3)	20,150,711	1,616,835	1,257,788	23,025,334
Fund Balances, June 30	$ 25,768,485	$ 1,989,939	$ 1,371,700	$ 29,130,124

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

(amounts in thousands)

Net Change in Fund Balances - Governmental Funds (from previous page)		$ 6,104,790
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays including leases are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.	$ 2,666,111	
Depreciation - Amortization expense	(1,270,645)	1,395,466
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds.		198,855
Bond proceeds (net of issuance costs and payments to refunding escrow) and notes provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Position.		
General Obligation Bonds Issued	(704,075)	
Premiums on General Obligation Bonds Issued	(89,702)	
Refunding Bonds Issued	(487,585)	
Payments to escrow agent for refunding	526,147	(755,215)
Some capital additions were financed through leases. In governmental funds, a lease arrangement is considered a source of financing, but in the Statement of Net Position, the lease obligation is reported as a liability.		(115,550)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position. Payments were made on the following long-term liabilities:		
General Obligation Bonds	1,071,180	
Revenue Bonds	60,460	
Notes	2,068	
Lease Obligations	94,714	1,228,422
Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities.		83,133
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:		
Compensated Absences	14,754	
Accrued Interest on Bonds Payable	(376,148)	
Amortization of Deferred Amount on Refunding	46,033	
Bond Premiums	249,698	
Lease Revenue	(129)	
OPEB costs, net	520,095	
Pension costs, net	(645,042)	
Other	(25,616)	(216,355)
Change in Net Position - Governmental Activities		$ 7,923,546

Statement of Net Position
Proprietary Funds
June 30, 2023
(amounts in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 1,486,632	$ 106,645	$ —	$ 998	$ 1,594,275	$ 27,926
Pooled Investments with State Treasury	612,006	1,164,482	—	47,519	1,824,007	549,830
Investments	60,903	—	—	394,175	455,078	19
Accounts Receivable (Net)	434,722	110,979	418,773	1,389	965,863	133,983
Leases from						
Component Units	499	—	—	—	499	—
External	—	—	—	—	—	7,677
Due from Other Funds	23,007	—	—	61	23,068	840,447
Due from Component Units	320,332	—	—	163,985	484,317	41
Inventories	25,987	—	—	213	26,200	25,627
Other Assets	259,085	—	—	2	259,087	521
Restricted Assets:						
Cash and Cash Equivalents	466,689	—	1,672,232	109,150	2,248,071	—
Restricted Pooled Investments with State Treasury	—	—	—	112,355	112,355	—
Investments	734	—	—	3,525	4,259	—
Total Current Assets	3,690,596	1,382,106	2,091,005	833,372	7,997,079	1,586,071
Noncurrent Assets:						
Investments	324,578	—	—	—	324,578	763
Other Receivables	29,301	—	—	—	29,301	—
Leases from						
Component Units	3,105	—	—	—	3,105	—
External	—	—	—	—	—	26,730
Notes and Loans (Net)						
External	18,993	—	—	—	18,993	—
Restricted Assets:						
Cash and Cash Equivalents	1,657	—	—	—	1,657	—
Investments	278,588	—	—	—	278,588	—
Net OPEB Asset	16,396	386	—	613	17,395	5,453
Non-Depreciable Capital Assets	902,079	—	—	27,891	929,970	45,785
Depreciable Capital Assets, net	11,160,797	—	—	8,259	11,169,056	488,594
Right-to-Use Assets (Net)	550,021	—	—	14,395	564,416	212,510
Total Noncurrent Assets	13,285,515	386	—	51,158	13,337,059	779,835
Total Assets	16,976,111	1,382,492	2,091,005	884,530	21,334,138	2,365,906
Deferred Outflows of Resources	3,400,652	3,983	—	26,097	3,430,732	44,277

(continued)

Statement of Net Position
Proprietary Funds
June 30, 2023
(amounts in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Liabilities						
Current Liabilities:						
Accounts Payable and Other Accruals	255,590	28,006	174,392	7,960	465,948	63,107
Due to Other Funds	258,127	—	—	—	258,127	8
Due to Component Units	20,948	—	—	—	20,948	—
Policy Claims and Uninsured Liabilities	49,093	358,846	8,349	—	416,288	984,240
Unearned Revenue	333,125	60,253	182,287	18,092	593,757	9,183
Notes and Loans Payable						—
Component Units	103,919	—	—	—	103,919	—
External	15,315	—	—	—	15,315	—
Compensated Absences Payable	200,241	302	—	786	201,329	2,624
Lease Obligations						
Component Units	26,578	—	—	—	26,578	—
External	35,454	—	—	709	36,163	32,677
Subscription Obligations	25,701	—	—	2,275	27,976	23,080
Revenue Bonds Payable	—	—	—	6,785	6,785	—
Other Current Liabilities	75,225	—	3,976	6,816	86,017	1,328
Total Current Liabilities	1,399,316	447,407	369,004	43,423	2,259,150	1,116,247
Noncurrent Liabilities:						
Compensated Absences Payable	125,519	131	—	138	125,788	2,700
Lease Obligations						
Component Units	132,563	—	—	—	132,563	—
External	272,000	—	—	7,563	279,563	108,289
Subscription Obligations	53,453	—	—	3,471	56,924	40,297
Revenue Bonds Payable	—	—	—	592,630	592,630	—
Notes and Loans Payable						
Component Units	2,049,253	—	—	—	2,049,253	—
External	249,835	—	—	—	249,835	—
Net OPEB Liability	4,010,384	52	—	1,219	4,011,655	5,499
Net Pension Liability	5,475,324	8,540	—	14,449	5,498,313	87,519
Other Noncurrent Liabilities	10,479	—	—	—	10,479	—
Total Noncurrent Liabilities	12,378,810	8,723	—	619,470	13,007,003	244,304
Total Liabilities	13,778,126	456,130	369,004	662,893	15,266,153	1,360,551
Deferred Inflows of Resources	2,282,609	1,417	—	1,815	2,285,841	40,104
Net Position						
Net Investment in Capital Assets	9,409,577	—	—	23,744	9,433,321	538,339
Restricted for:						
Bond Covenants/Debt Service	—	—	—	34,162	34,162	—
Capital Projects	17,084	—	—	—	17,084	—
Other Purpose	333,429	386	—	734	334,549	6,389
Nonexpendable:						
Permanent Trust	219,200	—	—	—	219,200	—
Other Benefits	—	—	—	394,600	394,600	—
Unemployment Compensation Benefits	—	—	1,722,001	—	1,722,001	—
Unrestricted	(5,663,262)	928,542	—	(207,321)	(4,942,041)	464,800
Total Net Position	$ 4,316,028	$ 928,928	$ 1,722,001	$ 245,919	7,212,876	$ 1,009,528
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(337,975)	
Net Position of Business-type Activities					$ 6,874,901	

The notes to the financial statements are an integral part of this statement.


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Operating Revenues:						
Operating Contributions/Premiums	$ 144,594	$ 3,467,702	$ 583,218	$ 512	$ 4,196,026	$ 177,860
Operating Grants	2,393,751	—	(119,074)	132	2,274,809	6,503
Rents and Royalties	10,893	—	—	—	10,893	35,077
Sales and Services	1,267,191	—	—	80,479	1,347,670	344,507
Tuition and Fees	2,978,729	—	—		2,978,729	—
Less: Scholarship Allowances	(774,656)	—	—		(774,656)	—
Other	37,713	—	—	—	37,713	156
Total Operating Revenues	6,058,215	3,467,702	464,144	81,123	10,071,184	564,103
Operating Expenses:						
Personal Services	6,258,315	5,277	—	10,776	6,274,368	69,279
Services and Supplies	2,760,677	114,055	(1)	3,994	2,878,725	357,461
Scholarships and Fellowships	592,332	—	—	—	592,332	—
Benefits Expense	472,466	3,161,422	83,294	3,419	3,720,601	—
Claims and Judgments	—	—	—	—	—	166,164
Interest Expense	—	—	—	7,373	7,373	—
Amortization/Depreciation	721,211	—	—	10,809	732,020	71,539
Other	—	—	—	16,441	16,441	—
Total Operating Expenses	10,805,001	3,280,754	83,293	52,812	14,221,860	664,443
Operating Income (Loss)	(4,746,786)	186,948	380,851	28,311	(4,150,676)	(100,340)
Nonoperating Revenues (Expenses):						
Grants and Contributions	1,660,552	—	—	—	1,660,552	4,116
Interest and Other Investment Income/(Loss)	110,921	33,994	26,110	52,136	223,161	21,840
Interest Expense	(119,524)	—	—	(13,460)	(132,984)	—
Other	(126,231)	—	—	—	(126,231)	22,158
Net Nonoperating Revenues (Expenses)	1,525,718	33,994	26,110	38,676	1,624,498	48,114
Income (Loss) Before Contributions and transfers	(3,221,068)	220,942	406,961	66,987	(2,526,178)	(52,226)
Contributions to Permanent Endowments	3,142	—	—	—	3,142	—
Capital Grants and Contributions	269,661	—	—	—	269,661	30,883
Total Contributions	272,803	—	—	—	272,803	30,883
Transfers:						
Transfers In	3,796,375	50,000	—	2,331	3,848,706	86,943
Transfers Out	(213,820)	—	(2,769)	—	(216,589)	(5,441)
Net Transfers	3,582,555	50,000	(2,769)	2,331	3,632,117	81,502
Change in Net Position	634,290	270,942	404,192	69,318	1,378,742	60,159
Net Position, July 1 - Restated (Note 3)	3,681,738	657,986	1,317,809	176,601		949,369
Net Position, June 30	$ 4,316,028	$ 928,928	$ 1,722,001	$ 245,919		$ 1,009,528
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.					(22,974)	
Change in Net Position of business-type activities					$ 1,355,768	

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Cash Received from Customers	$ 58,842	$ —	$ —	$ 74,948	$ 133,790	$ 282,295
Cash Received from Other Funds (Internal Activity)	—	—	—	152	152	301,465
Cash Received from Grants and Required Contributions/ Premiums	2,456,743	3,483,868	424,838	—	6,365,449	—
Cash Received from Tuition and Fees	3,574,190	—	—	—	3,574,190	—
Cash Paid to Vendors	(4,474,761)	—	—	(24,473)	(4,499,234)	(363,864)
Cash Paid to Employees	(4,979,799)	(91,666)	—	(10,409)	(5,081,874)	(65,645)
Cash Paid for Loans Issued to Students and Employees	—	(5,461)	—	—	(5,461)	
Cash Paid for Benefits	—	—	(81,984)	—	(81,984)	—
Cash Paid for Claims and Judgments	—	(3,170,096)	—	—	(3,170,096)	(254,231)
Cash Paid for Scholarships, Fellowships and Loans	(606,036)	—	—	—	(606,036)	—
Other Operating Receipts	29,088	—	40	—	29,128	—
Other Operating Payments	(15,177)	—	—	—	(15,177)	(953)
Net Cash Provided by (Used in) Operating Activities	(3,956,910)	216,645	342,894	40,218	(3,357,153)	(100,933)
Cash Flows from Noncapital Financing Activities:						
Interest Paid on Debt	—	—	—	(7,386)	(7,386)	—
Transfers from Other Funds	3,796,375	50,000	—	2,331	3,848,706	86,943
Transfers to Other Funds	(213,820)	—	(2,769)	—	(216,589)	(5,441)
Payments on Noncapital Financing Debt	—	—	—	(6,472)	(6,472)	—
Other Noncapital Receipts	1,710,970	—	—	—	1,710,970	11,306
Other Noncapital Payments	(202,345)	—	—	—	(202,345)	(4,116)
Net Cash Provided by (Used in) Noncapital Financing Activities	5,091,180	50,000	(2,769)	(11,527)	5,126,884	88,692
Cash Flows from Capital and Related Financing Activities:						
Capital Contributions	—	—	—	—	—	30,883
Capital Grants and Gifts Received	53,020	—	—	—	53,020	—
Proceeds from Sale of Capital Assets	427	—	—	—	427	38,923
Acquisition and Construction of Capital Assets	(634,259)	—	—	(7,746)	(642,005)	(314,399)
Principal Paid on Capital Debt	(233,496)	—	—	(2,945)	(236,441)	30,712
Interest Paid on Capital Debt	(118,442)	—	—	(12,703)	(131,145)	(260)
Net Cash Used in Capital and Related Financing Activities	(932,750)	—	—	(23,394)	(956,144)	(214,141)
Cash Flows from Investing Activities:						
Proceeds from Sales of Investments	830,402	—	—	11,420	841,822	405
Purchase of Investments	(979,032)	—	—	—	(979,032)	(1,391)
Interest and Dividends Received	84,870	33,994	26,110	11,918	156,892	23,647
Other Investing Activities	—	—	—	13,781	13,781	—
Net Cash Provided by (Used in) Investing Activities	(63,760)	33,994	26,110	37,119	33,463	22,661
Net Increase (Decrease) in Cash and Cash Equivalents	137,760	300,639	366,235	42,416	847,050	(203,721)
Cash and Cash Equivalents, July 1 - Restated (Note 3)	2,429,224	970,488	1,305,997	227,606	4,933,315	781,477
Cash and Cash Equivalents, June 30	$ 2,566,984	$ 1,271,127	$ 1,672,232	$ 270,022	$ 5,780,365	$ 577,756

(continued)

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Business-type Activities - Enterprise Funds					Governmental Activities -
	Higher Education Fund	State Health Benefits Plan	Unemployment Compensation Fund	Nonmajor Funds	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities						
Operating Income (Loss)	$ (4,746,786)	$ 186,948	$ 380,851	$ 28,311	$ (4,150,676)	$ (100,340)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Amortization/Depreciation Expense	721,212	—	—	10,808	732,020	71,539
Other Reconciling Items	17,507	—	—	—	17,507	—
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:						
Accounts Receivable	28,421	33,229	(122,148)	63	(60,435)	(7,844)
Due from Other Funds	—	—	—	—	—	5,374
Due from Component Units	—	—	—	7	7	(9)
Notes Receivable	3,635	—	—	—	3,635	—
Net OPEB Asset	8,168	354	—	360	8,882	3,855
Other Assets	(42,041)	—	—	(40)	(42,081)	8,766
Deferred Outflows of Resources	(1,328,409)	(1,752)	—	(3,177)	(1,333,338)	(20,002)
Accounts Payable and Other Accruals	12,925	22,390	63,126	(149)	98,292	10,425
Due to Other Funds	—	(38,380)	—	(270)	(38,650)	38
Benefits Payable	—	(8,674)	1,309	—	(7,365)	—
Unearned Revenue	(17,307)	21,317	19,716	1,240	24,966	8,490
Claims and Judgments Payable	—	—	—	—	—	(88,067)
Compensated Absences Payable	(479)	(4)	—	7	(476)	405
Net OPEB Liability	(1,052,235)	52	—	486	(1,051,697)	2,121
Net Pension Liability	3,901,826	4,527	—	9,275	3,915,628	55,966
Other Liabilities	6,807	(67)	40	(28)	6,752	(655)
Deferred Inflows of Resources	(1,470,154)	(3,295)	—	(6,675)	(1,480,124)	(50,995)
Net Cash Provided by (Used in) Operating Activities	$ (3,956,910)	$ 216,645	$ 342,894	$ 40,218	(3,357,153)	$ (100,933)
Noncash Investing, Capital, and Financing Activities:						
Gift of Capital Assets Reducing Proceeds of Capital Grants and Gifts	$ 238,483	$ —	$ —	$ —	$ 238,483	$ —
Gifts other than Capital Assets Reducing Proceeds of Grants and Gifts for Other than Capital Assets	9,531	—	—	—	9,531	—
Change in Receivable from Grantor Agency						
Affecting Proceeds of Capital Debt	(2,349)	—	—	—	(2,349)	—
Affecting Interest Paid	(745)	—	—	—	(745)	—
Capital Assets Acquired by Incurring Capital Lease Obligations	217,088	—	—	—	217,088	—
Change in Fair Value of Investments	25,420	—	—	—	25,420	(477)
Special Item - Equipment-Capital Asset Transfer	(1,290)	—	—	—	(1,290)	—
Early Extinguishment of Capital Debt	27,792	—	—	—	27,792	—
Loss on Disposal of Capital Assets Reducing Proceeds from Sale of Capital Assets	(21,559)	—	—	—	(21,559)	—
Other	66,355	—	—	—	66,355	—
Total Noncash Investing, Capital and Financing Activities	$ 558,726	$ —	$ —	$ —	$ 558,726	$ (477)

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023
(amounts in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Custodial Funds: Custodial	Custodial Funds: External Investment Pool
Assets					
Cash and Cash Equivalents	$ 1,693,133	$ —	$ 741	$ 203,337	$ —
Pooled Investments with State Treasury	750,408	16,994,344	310,928	31,117	—
Receivables, Net					
Interest and Dividends	248,491	49,850	—	—	—
Due from Brokers for Securities Sold	44,256	—	—	—	—
Taxes for Other Governments	—	—	—	1,039,395	—
Other	328,881	—	7,313	99,937	—
Due from Other Funds	393	—	—	—	—
Investments, at Fair Value					
Certificates of Deposit	—	—	—	2,180	—
Pooled Investments	17,908,396	—	—	213,026	75,237
Mutual Funds	3,090,230	—	—	62,252	—
Government Obligations	17,747,992	—	—	—	—
Corporate Bonds/Notes/Debentures	7,432,601	—	—	—	—
Stocks	71,677,942	—	—	—	—
Asset-backed Securities	22,985	—	—	—	—
Mortgage Investments	91,417	—	—	—	—
Real Estate Investment Trusts	505,854	—	—	—	—
Capital Assets					
Land	8,431	—	—	—	—
Buildings	7,793	—	—	—	—
Software	29,325	—	—	—	—
Machinery and Equipment	6,592	—	—	—	—
Works of Art	114	—	—	—	—
Accumulated Depreciation	(38,205)	—	—	—	—
Intangible Right-to-Use Assets					
Subscription Asset	4,292	—	—	—	—
Accumulated Amortization	(1,004)	—	—	—	—
Net OPEB Asset	5,325	—	215	—	—
Other Assets	—	—	—	13,232	—
Total Assets	121,565,642	17,044,194	319,197	1,664,476	75,237
Deferred Outflows of Resources	28,171	—	804	—	—
Liabilities					
Accounts Payable and Other Accruals	225,489	—	8	12,191	—
Due to Other Funds	457	—	—	—	—
Due to Brokers for Securities Purchased	75,441	—	—	—	—
Due to Local Governments	—	—	—	1,201,153	—
Salaries/Withholding Payable	—	—	—	1	—
Benefits Payable	57,232	—	—	—	—
Unearned Revenue	353	—	—	3,095	—
Compensated Absences Payable	87	—	146	—	—
Lease Obligation	3	—	—	—	—
Net OPEB Liability	4,554	—	93	—	—
Net Pension Liability	51,956	—	1,631	—	—
Other Liabilities	—	—	3	2,461	—
Total Liabilities	415,572	—	1,881	1,218,901	—
Deferred Inflows of Resources	5,701	—	245	—	—
Net Position					
Restricted for:					
Pension Benefits	116,785,622	—	—	—	—
Other Postemployment Benefits	4,386,918	—	—	—	—
Pool Participants	—	17,044,194	—	—	75,237
Individuals, Organizations, and Other Governments	—	—	—	445,575	—
Other Purposes	—	—	317,875	—	—
Total Net Position	$ 121,172,540	$ 17,044,194	$ 317,875	$ 445,575	$ 75,237

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Pension and Other Employee Benefits Trust	Investment Trust	Private Purpose Trust	Custodial Funds	
				Custodial	External Investment Pool
Additions:					
Contributions/Assessments					
Child Support Recovery Program	$ —	$ —	$ —	$ 700,339	$ —
Collections for Local Governments	—	—	—	9,641,256	—
Detainees' Accounts	—	—	—	66,543	—
Employer	4,547,841	—	—	—	—
Fees	719	—	—	—	—
Insurance Premiums	2,624	—	—	—	—
NonEmployer	140,107	—	—	—	—
Plan Members/Participants	1,177,144	—	386	146,366	—
Pool Participant Deposits	—	19,376,584	—	—	4,847
Student Financial Aid	—	—	—	2,127,802	—
Student Support	—	—	—	121,115	—
Miscellaneous	1,650	—	—	100,013	—
Interest and Other Investment Income					
Dividends and Interest	2,456,149	608,547	12,540	23,958	1,803
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	10,346,545	—	—	—	4,068
Less: Investment Expense	(92,468)	(8,547)	—	(71)	(69)
Transfers from Other Funds	29,677	—	—	—	—
Total Additions	18,609,988	19,976,584	12,926	12,927,321	10,649
Deductions:					
Distributions					
Benefits	8,638,028	—	19,082	146,299	—
Child Support Recovery Program	—	—	—	698,447	—
Detainees' Accounts	—	—	—	70,486	—
Distributions to Local Governments	—	—	—	9,659,256	—
General and Administrative Expenses	53,013	—	1,612	—	—
Pool Participant Withdrawals	1,208	16,484,727	—	—	2,252
Refunds	106,958	—	—	—	—
Student Financial Aid	—	—	—	2,133,539	—
Student Support	—	—	—	115,128	—
Miscellaneous	—	—	—	61,394	—
Transfers to Other Funds	—	—	—	6,612	—
Total Deductions	8,799,207	16,484,727	20,694	12,891,161	2,252
Net Increase (Decrease) in Fiduciary Net Position	9,810,781	3,491,857	(7,768)	36,160	8,397
Net Position, July 1 (restated)	111,361,759	13,552,337	325,643	409,415	66,840
Net Position, June 30	$ 121,172,540	$ 17,044,194	$ 317,875	$ 445,575	$ 75,237

The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Component Units
June 30, 2023
(amounts in thousands)

	A U Health Systems, Inc.	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 84,030	$ 9,586	$ 19,548	$ 184,888
Pooled Investments with State Treasury	—	1,189,407	22,807	7,988
Investments	56,170	—	—	70,545
Receivables				
Accounts (Net)	203,508	14,470	—	—
Leases from				
Primary Government	4	—	—	—
External	—	—	13,721	—
Interest and Dividends	—	5,445	—	8,797
Notes and Loans (Net)				
Primary Government	1,367	—	—	—
External	—	—	—	40,592
Taxes	—	—	1,232	—
Due from Primary Government	971	—	—	—
Due from Component Units	—	—	—	—
Inventory	26,122	—	448	—
Other Current Assets	15,350	7	239	113,869
Restricted for:				
Cash and Cash Equivalents	1,609	—	—	—
Pooled Investments with State Treasury	—	—	—	298,343
Investments	—	—	—	—
Other Receivables (Net)	—	—	—	—
Total Current Assets	389,131	1,218,915	57,995	725,022
Noncurrent Assets:				
Investments	—	—	—	344,693
Receivables (Net)				
Leases from				
Primary Government	—	—	—	—
External	—	—	56,570	—
Notes and Loans (Net)				
Primary Government	16,054	—	—	—
External	—	1,722,329	—	1,895,871
Other	—	—	4,698	—
Restricted Assets				
Cash and Cash Equivalents	—	—	106,550	—
Investments	5,600	—	88,017	—
Net OPEB Asset	—	475	1,335	—
Receivables (Net)				
Interest and Dividends	—	—	495	—
Other	—	—	31,141	—
Non-depreciable Capital Assets	44,930	—	416,323	800
Depreciable Capital Assets (Net)	186,549	1,416	1,136,746	1,905
Right-to-Use Assets (Net)	69,313	—	2,300	—
Other Noncurrent Assets	4,897	—	—	—
Total Noncurrent Assets	327,343	1,724,220	1,844,175	2,243,269
Total Assets	716,474	2,943,135	1,902,170	2,968,291
Deferred Outflows of Resources	2,718	3,267	17,767	—

Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 59,551	$ 22,473	$ 19,697	$ 675,827	$ 1,075,600
—	841,030	—	390,832	2,452,064
—	24,543	—	200,911	352,169
201,441	73,501	22,646	455,955	971,521
—	—	—	17,074	17,078
315	9,632	—	5,095	28,763
—	—	—	5,763	20,005
—	—	7,398	95,273	104,038
—	—	1,310	193,433	235,335
—	—	—	1,187	2,419
—	—	482	72,199	73,652
—	—	—	42,559	42,559
—	8,175	—	6,196	40,941
2,609	1,264	2,171	37,886	173,395
				—
—	408,173	16,631	154,630	581,043
—	462,207	—	—	760,550
—	—	—	198,711	198,711
—	—	38,955	45,115	84,070
263,916	1,850,998	109,290	2,598,646	7,213,913
—	—	472,941	403,656	1,221,290
—	—	—	91,911	91,911
4,641	143,900	—	141,417	346,528
—	—	72,413	1,961,900	2,050,367
—	—	—	160,624	3,778,824
—	—	10,630	97,386	112,714
20,569	—	—	147,603	274,722
154,955	—	2,048,019	2,218,796	4,515,387
—	—	—	2,236	4,046
—	—	—	—	495
—	—	56,824	54,877	142,842
—	1,299,742	72,505	233,837	2,068,137
5,299	1,040,813	74,806	978,679	3,426,213
34,635	10,139	—	230,671	347,058
—	4,864	22,306	27,113	59,180
220,099	2,499,458	2,830,444	6,750,706	18,439,714
484,015	4,350,456	2,939,734	9,349,352	25,653,627
77	44,309	—	167,754	235,892

(continued)

Statement of Net Position
Component Units
June 30, 2023
(amounts in thousands)

	A U Health Systems, Inc.	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	114,539	8,083	65	27,644
Due to Primary Government	47,989	8	22,504	—
Due to Component Units	—	—	—	—
Funds Held for Others	—	—	—	—
Unearned Revenue	204	—	7,774	3,079
Notes and Loans Payable				
External	2,026	—	626	—
Lease Obligations				
Primary Government	—	—	—	—
External	9,039	—	229	—
Subscription Obligations	8,900	—	367	—
Revenue/Mortgage Bonds Payable	92,290	—	—	43,330
Other Current Liabilities	36,719	115	5,092	509,734
Current Liabilities Payable from Restricted Assets:				
Other	—	1,340	38,349	—
Total Current Liabilities	311,706	9,546	75,006	583,787
Noncurrent Liabilities:				
Unearned Revenue	—	—	—	—
Notes and Loans Payable				
External	—	—	43,063	—
Lease Obligations				
Primary Government	—	—	—	—
External	30,407	—	506	—
Subscription Obligations	27,368	—	1,348	—
Revenue/Mortgage Bonds Payable	99,624	—	468,499	1,422,335
Grand Prizes Payable	—	—	—	—
Derivative Instrument Payable	—	—	—	—
Net OPEB Liability	1,172	347	17,435	—
Net Pension Liability	—	6,548	28,635	—
Other Noncurrent Liabilities	26,491	346	49,383	696,766
Total Noncurrent Liabilities	185,062	7,241	608,869	2,119,101
Total Liabilities	496,768	16,787	683,875	2,702,888
Deferred Inflows	4,927	630	69,509	—
Net Position				
Net Investment in Capital Assets	49,542	1,416	1,142,106	2,705
Restricted for:				
Bond Covenants/Debt Service	—	—	34,317	—
Capital Projects	—	—	—	—
Permanent Trust Expendable	—	—	—	—
Other Purposes	7,209	—	18,534	—
Nonexpendable:				
Permanent Trust	—	—	—	—
Other Purposes	—	—	—	—
Loan and Grant Programs	—	2,224,278	—	—
Unrestricted	160,746	703,291	(28,404)	262,698
Total Net Position	$ 217,497	$ 2,928,985	$ 1,166,553	$ 265,403

Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
143,803	128,135	10,160	121,096	553,525
99,857	21	5,968	430,418	606,765
—	—	—	42,559	42,559
—	—	—	104,926	104,926
—	—	10,284	218,169	239,510
—	—	12,259	81,555	96,466
—	—	—	178	178
(623)	4,235	—	28,516	41,396
—	359	—	817	10,443
—	10,075	13,130	91,109	249,934
22,695	4,167	3,076	29,128	610,726
20,357	—	—	7,904	67,950
286,089	146,992	54,877	1,156,375	2,624,378
—	1,008	—	23,739	24,747
—	—	25,659	146,613	215,335
—	—	—	3,462	3,462
39,933	5,921	—	160,941	237,707
—	662	—	1,590	30,968
—	1,318,613	298,784	2,271,794	5,879,649
144,159	—	—	—	144,159
—	—	—	39	39
—	8,775	—	75,422	103,152
196	50,209	—	229,775	315,363
4,742	10,028	37,531	77,286	902,573
189,030	1,395,216	361,974	2,990,661	7,857,154
475,119	1,542,208	416,851	4,147,036	10,481,532
18,363	157,224	—	330,562	581,215
624	1,865,229	(3,207)	690,334	3,748,749
—	15,980	—	33,412	83,709
—	—	38,838	269,433	308,271
—	—	259,713	957,412	1,217,125
—	—	—	503,599	529,342
—	—	1,869,827	1,300,285	3,170,112
—	—	—	73,455	73,455
—	—	—	—	2,224,278
(10,014)	814,124	357,712	1,211,578	3,471,731
$ (9,390)	$ 2,695,333	$ 2,522,883	$ 5,039,508	$ 14,826,772

Statement of Activities
Component Units
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	A U Health Systems, Inc.	Georgia Environmental Finance Authority	Geo. L. Smith II Georgia World Congress Center Authority	Georgia Housing and Finance Authority
Expenses	$ 1,343,571	$ 61,711	$ 156,007	$ 806,922
Program Revenues:				
Sales and Charges for Services	1,317,023	36,150	55,021	127,401
Operating Grants and Contributions	6,005	186,245	7,602	691,915
Capital Grants and Contributions	4,078	—	—	—
Total Program Revenues	1,327,106	222,395	62,623	819,316
Net (Expenses) Revenue	(16,465)	160,684	(93,384)	12,394
General Revenues:				
Taxes	—	—	39,958	—
Unrestricted Investment Income/(Loss)	5,819	—	—	—
Payments from the Primary Government	(12,295)	—	15,539	—
Contributions to Permanent Endowments	—	—	—	—
Total General Revenues	(6,476)	—	55,497	—
Change in Net Position	(22,941)	160,684	(37,887)	12,394
Net Position, July 1 - (Restated)	240,438	2,768,301	1,204,440	253,009
Net Position, June 30	$ 217,497	$ 2,928,985	$ 1,166,553	$ 265,403

Georgia Lottery Corporation	Georgia Ports Authority	Georgia Tech Foundation, Incorporated	Nonmajor Component Units	Total
$ 5,945,882	$ 568,425	$ 172,619	$ 3,023,582	$ 12,078,720
5,931,995	753,914	44,402	784,677	9,050,582
5,592	66,640	154,627	2,462,569	3,581,195
—	19,599	—	16,680	40,357
5,937,587	840,153	199,029	3,263,926	12,672,134
(8,295)	271,728	26,410	240,344	593,415
—	—	—	10,923	50,881
98	—	28,164	43,113	77,194
—	—	—	80,296	83,539
—	—	31,941	91,833	123,774
98	—	60,105	226,165	335,388
(8,197)	271,728	86,515	466,509	928,803
(1,193)	2,423,605	2,436,368	4,572,999	13,897,967
$ (9,390)	$ 2,695,333	$ 2,522,883	$ 5,039,508	$ 14,826,770

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Notes to the Financial Statements
Index

		Page
Note 1	Summary of Significant Accounting Policies	55
Note 2	Changes in Financial Accounting and Reporting	74
Note 3	Fund Equity Reclassifications and Restatements	77
Note 4	Fund Balance and Net Position	78
Note 5	Deposits and Investments	80
Note 6	Derivative Instruments	109
Note 7	Receivables	115
Note 8	Interfund Balances and Transfers	117
Note 9	Capital Assets	119
Note 10	Long-Term Liabilities	128
Note 11	Leases	140
Note 12	Endowments	144
Note 13	Service Concession Arrangements	145
Note 14	Deferred Inflows and Outflows	149
Note 15	Retirement Systems	151
Note 16	Postemployment Benefits - Multi-employer Plans	171
Note 17	Postemployment Benefits - Single-employer Plans	190
Note 18	Risk Management	201
Note 19	Tax Abatement	204
Note 20	Litigation, Contingencies, and Commitments	206
Note 21	Subsequent Events	211

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the State have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The fiscal year end for the primary government and component units is June 30, except for, VSU Auxiliary Service Real Estate Foundation, Inc. (component unit) and the Stone Mountain Memorial Association (component unit) which have a fiscal year end of December 31.

B. Financial Reporting Entity

For financial reporting purposes, the State reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, foundations, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if: (1) an organization is fiscally dependent upon the State because its resources are held for the direct benefit of the State or can be accessed by the State *and* (2) the potential exists for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. In addition, component units can be other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading.

Certain component units of the State issue their own separate audited financial statements which may be obtained from their respective administrative offices. The most recent financial statements for component unit organizations with "AUD" at the end of their descriptions below may be obtained from the Department of Audits and Accounts (DOAA) online at www.audits.ga.gov. Certain component units (with "NSR" at the end of their descriptions below) are not required to prepare or issue separate financial statements beyond the financial information included in this report. The financial statements for discretely presented higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents.

Blended Component Units

Blended component units have governing bodies substantively the same as the State, provide services entirely or almost entirely to the primary government or have total debt outstanding, including leases, that is expected to be paid entirely, or almost entirely, with resources of the State. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The State's blended component units, as described in the Nonmajor Governmental Funds and Internal Service Funds portions of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section, are as follows:

Special Revenue Funds

The following component units provide services entirely or almost entirely to the primary government and are therefore considered blended component units:

The **Georgia Aviation Authority** was created to provide oversight and efficient operation of state aircrafts and aviation operations, and ensure the safety of state air travelers and aviation property. (NSR)

The **State Road and Tollway Authority** (SRTA) is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia. SRTA's total debt outstanding is expected to be paid with resources of the Primary Government and therefore is considered a blended component unit. (AUD)

Debt Service Fund

The **State Road and Tollway Authority** uses a debt service fund for the payment of principal and interest on the debt of SRTA's governmental funds. SRTA issues bonded debt which finances State transportation infrastructure construction. (AUD)

Enterprise Funds

The following component units provide services entirely or almost entirely to the primary government and are therefore considered blended component units:

The **Georgia Higher Education Facilities Authority** is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the University System of Georgia. The Authority issues debt and enters into lease agreements principally with the University System of Georgia Foundation, Inc. (discretely presented component unit). The costs of the Authority's debt are recovered through lease payments from the Foundation. The Authority provides services entirely or almost entirely to the Primary Government and is therefore considered a blended component unit. (https://gsfic.georgia.gov/financing-and-investment-division/georgia-higher-education-facilities-authority)

The **State Employees' Assurance Department - Active (SEAD-Active)** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems. SEAD-Active is a cost-sharing multiple employer life insurance plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of Employees' Retirement System (ERS), Legislative Retirement System, and Georgia Judicial Retirement System. (https://www.ers.ga.gov/group-term-life-insurance)

The **State Road and Tollway Authority** uses an enterprise fund to account for all tolling activities, including the I-75 South Metro Express Lanes, and all other facilities of the tolling system (i.e. the I-85 Express Lanes, the I-85 Extension Express Lanes, the I-75 Northwest Corridor Express Lanes, and five future toll facilities under planning and/or construction). (AUD)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal Service Funds

The following component units all provide services entirely or almost entirely to the Primary Government and are therefore considered blended component units:

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities. (NSR)

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments. (NSR)

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments. (NSR)

Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. Except for Georgia Military College, the other component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The determination of major component units is based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government.

The State's major discretely presented component units are described below:

The **AU Health Systems, Inc. (AUH)** is a hospital that provides many services not available in other facilities in the region. Augusta University Health is an academic health center that manages the clinical operations associated with Augusta University. It is a healthcare network that offers primary, specialty and sub-specialty care in the Augusta, Georgia area and throughout the Southeastern United States. (NSR) (https://www.augustahealth.org/)

The **Georgia Environmental Finance Authority (GEFA)** is a body corporate and politic. GEFA provides funding to eligible municipalities, counties, water and sewer authorities in the State for construction and expansion of public water, sewer, and solid waste facilities. The State periodically provides general obligation bond proceeds to GEFA to fund various loan programs for water and sewerage facilities. GEFA is governed by a board of directors consisting of three officials designated by statute and eight members appointed by the Governor. (https://gefa.georgia.gov/)

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for operating and maintaining a comprehensive international trade and convention center consisting of a complex of facilities suitable for multipurpose use. The Authority is governed by a board of directors composed of 15 members appointed by the Governor. (AUD)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The **Georgia Housing and Finance Authority (GHFA)** is a body corporate and politic. GHFA is responsible for facilitating housing, housing finance and financing for health facilities and health care services throughout the State. The powers of GHFA are vested in 18 members who also comprise the board of the Department of Community Affairs (DCA). Board members are appointed by the Governor and are composed of one member from each U.S. Congressional District in the State, plus four additional members from the State at large, and include elected officials of counties or municipalities, individuals with an interest or expertise in community or economic development, environmental issues, housing development or finance or citizens who in the judgment and discretion of the Governor would enhance the DCA board. (https://www.dca.ga.gov/)

The **Georgia Lottery Corporation (GLC)** is a public body, corporate and politic. GLC operates lottery games to provide continuing entertainment to the public and maximize revenues, the net proceeds of which are utilized to support improvements and enhancements for educational purposes. Net proceeds are remitted to the State's General Fund and are appropriated to certain educational agencies through the State's budget process. GLC is governed by a board of directors composed of seven members, all of which are appointed by the Governor. The State is legally entitled to residual resources of GLC. (https://www.galottery.com/en-us/home.html)

The **Georgia Ports Authority (GPA)** is a body corporate and politic. The purpose of the Authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The State has provided general obligation bond proceeds to GPA to finance projects and facilities. The Board consists of 13 members, all of which are appointed by the Governor. (https://gaports.com/)

The **Georgia Tech Foundation, Incorporated** is a nonprofit organization established to promote, in various ways, the cause of higher education in the State, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology (GIT), and to aid the GIT in its development as a leading educational institution. The individual financial statements may be obtained from the foundation at the following address: 760 Spring St. NW, Atlanta, GA 30308. (https://www.gtf.gatech.edu/)

The State's nonmajor discretely presented component units are as follows:

The **Atlanta-region Transit Link "ATL" Authority** is a body corporate and politic. The purpose of which is to manage transit and air quality within certain areas of the State of Georgia. The Board of Directors of the Authority consists of 16 members; of which, the primary government appoints or elects a majority. (NSR)

Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Authority is governed by a board of directors composed of seven members; four are appointed by the Governor and three are State Agency heads. (https://www.gdaonline.com/)

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute. (NSR)

The **Savannah-Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally Georgia International and Maritime Trade Center Authority is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. The Authority is governed by a board of directors composed of 11 members: six members appointed by the Governor; three members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority. (AUD)

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process and resell breeders' and foundation seeds. The Commission consists of 11 members who are accountable as trustees. Of the 11 members serving on the Board, six members are State officials or are appointed by State officials. (NSR)

The **Georgia Higher Education Assistance Corporation** is a nonprofit public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. (https://gsfc.georgia.gov/)

The **Georgia Military College (GMC)** is a body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia. Although GMC does not meet the fiscal dependency or financial benefit/burden criteria, due to the nature and significance to the State and the potential assumption that GMC is the same as other colleges reported within the state reporting entity, management has determined that it would be misleading to exclude GMC from the state reporting entity. (AUD)

The **Georgia Public Telecommunications Commission** is a body corporate and politic. The Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. (AUD)

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Governor appoints all 15 Board Members of the Authority. (NSR)

The **Georgia Student Finance Authority** is a body corporate and politic. The Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. (https://gsfc.georgia.gov/)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve post secondary success. The REACH Georgia Program is the State of Georgia's first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds. (https://www.gafutures.org/)

The **Regional Educational Service Agencies** were established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has 16 of these agencies. (NSR)

The **Georgia Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. (https://www.gsccca.org/)

Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. The Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. (NSR)

The **Jekyll Island - State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Authority includes its component unit, Jekyll Island Foundation, Inc. (NSR)

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. (NSR)

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. (NSR)

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for maintenance and operation of Stone Mountain as a Confederate memorial and public recreational area. (http://stonemountainpark.org/)

The **Higher Education Foundations and Similar Organizations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for units of the University System of Georgia. The following are the organizations included in the Higher Education Foundations (https://www.usg.edu/):

Augusta University Foundation, Inc. and Subsidiaries
Augusta University Real Estate Corporation
Augusta University Real Estate Foundation, Inc. (formerly known as GHSF)
Augusta University Research Institute, Inc.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Georgia Advanced Technology Ventures, Inc. and Subsidiaries
Georgia Gwinnett College Foundation, Inc. and Subsidiaries
Georgia Southern University Housing Foundation, Inc.
Georgia State University Athletic Association, Inc.
Georgia State University Foundation, Inc.
Georgia State University Research Foundation, Inc.
Georgia Tech Athletic Association
Georgia Tech Facilities, Inc.
Georgia Tech Research Corporation
Kennesaw State University Foundation, Inc.
Medical College of Georgia Foundation, Inc.
Middle Georgia State University Real Estate Foundation, Inc. and Subsidiaries
University of Georgia Athletic Association, Inc.
The University of Georgia Foundation
University of Georgia Research Foundation, Inc. and Subsidiaries
University of North Georgia Real Estate Foundation, Inc. and Subsidiaries
UWG Real Estate Foundation, Inc.
University System of Georgia Foundation, Inc. and Affiliates
VSU Auxiliary Services Real Estate Foundation, Inc.

Fiduciary Component Units

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's two most significant fiduciary component units are ERS and the Teachers Retirement System of Georgia (TRS). Fiduciary component units are detailed in the Fiduciary Funds portion of the Supplementary Information – Combining and Individual Fund Statements category of the Financial Section.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues, are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Position presents the State's non-fiduciary assets, liabilities and deferred outflows/inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- Net Investment In Capital Assets consists of capital assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. In addition, deferred outflows/ inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt are included in

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Investment in Capital Assets. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount are not included.

- Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- Unrestricted net position consists of net position that does not meet the definition of the two preceding categories. Unrestricted net position often is designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first. Other funds not otherwise remitted to the State Treasury, which may be available from restricted or unrestricted net position should be utilized next, prior to the use of State funds.

The Statement of Activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to timing of the measurements made, regardless of the measurements focus applied.

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the "accrual basis of accounting". Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met. Unearned revenue is recorded when cash or other assets are received prior to being earned. Additionally, long-term assets and liabilities, such as capital assets and intangible right-to-use assets and long-term debt, are included on the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become earned, measurable and available. "Earned" means substantially accomplished, "measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year-end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year-end. Unearned revenue reported represents a liability that represents amounts received, but not yet earned, and unavailable revenue represents amounts earned which are not yet available. Capital purchases are recorded as expenditures and neither capital assets, intangible right-to-use assets nor long-term liabilities, such as long-term debt, are reflected on the balance sheet.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. Specifically, under the modified accrual basis of accounting, expenditures are recognized when the related liability is incurred and measurable. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and other long-term liabilities, are recorded only when payment is due or (for debt service expenditures), when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The State's proprietary funds and discretely presented component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect). Certain higher education foundations and similar organizations report under the Financial Accounting Standards Board (FASB) standards; including FASB Codification Topic 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified or reformatted, as applicable, to GASB presentation in these financial statements.

GAAP requires that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year with the exception of teachers' salaries which are recorded in the fiscal year earned.

The State reports the following major funds:

Major Governmental Funds

General Fund – The principal operating fund of the State which accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Obligation Bond Projects Fund – Accounts for the financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds) financed with general obligation bond proceeds, including educational facilities for county and independent school systems.

Major Enterprise Funds

Higher Education Fund – Accounts for the operations of State colleges and universities and State technical colleges.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State Health Benefit Plan (SHBP) – Administers self-insured program of health benefits for the employees of units of government of the State, units of county government and local education agencies located within the State.

Unemployment Compensation Fund – Accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types:

Governmental Funds

Special Revenue Funds – Account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions, along with activities related to the National Opioid Settlement Fund and Transportation Investment Act.

Debt Service Funds – Account for the payment of principal and interest on general long-term debt. The General Obligation Debt Sinking Fund, which is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt, is included in this fund type, as is the SRTA Debt Service Fund.

Proprietary Funds

Enterprise Funds – Account for those activities for which fees are charged to external users for goods or services. These funds are also used when the activity is financed with debt that is secured by a pledge of the net revenues from fees and charges.

The State's nonmajor enterprise funds are Georgia Higher Education Facilities Authority, State Employees' Assurance Department and State Road and Tollway Authority.

Internal Service Funds – Account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds – Account for the retirement systems and plans administered by Employees' Retirement System of Georgia, TRS, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the accumulation of resources for, and payment of other postemployment benefits.

Investment Trust Funds – Account for the external portions of government-sponsored investment pools, including Georgia Fund 1.

Private Purpose Trust Funds – Report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The Auctioneers Education, Research and Recovery Fund, Real Estate Education, Research and Recovery Fund, Subsequent Injury Trust Fund and Tuition Guaranty Trust Fund are reported in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Funds – Reports fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. ARPA NEU for Local Governments, Child Support Recovery Program, Detainees' Accounts, Flexible Benefits Program, Insurance Premium Tax Collections for Local Governments Fund, Revenue Tax Collections for Local Governments Fund, Survivor Benefit Fund, Student Financial Aid and Support Fund, External Investment Pool, and other miscellaneous custodial funds are reported in this category.

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balances

Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions and short-term, highly liquid investments with maturity dates within three months of the date acquired, such as certificates of deposit, money market certificates and repurchase agreements. Cash and cash equivalents also include the holdings of the Board of Regents short-term fund.

Investments

Investments include financial instruments with terms in excess of three months from the date of purchase, certain other securities held for the production of revenue, and land and other real estate held as investments by endowments. Investments are presented at fair value. Changes in the fair value of land and other real estate held as investments by endowments are reported as investment income.

Pooled Investments with State Treasury

The Office of the State Treasurer (OST) manages the Local Government Investment Pool (LGIP) Trust. The LGIP Trust consists of three offerings: Georgia Fund 1 ("GF1"), Georgia Fund 1 Plus ("GF1 Plus") and Georgia Extended Asset Pool Plus ("GEAP Plus") and the LGIP Trust Reserve. For cash flow purposes, amounts reported in the Pooled Investments with State Treasury are considered cash equivalents.

The State's External Investment Pools (described below) generally value investments as follows:

- All investments except repurchase agreements, non-negotiable certificates of deposit (CD), direct-issued commercial paper, and other such nonparticipating investments are priced at fair value.
- Repurchase agreements, non-negotiable CD's, direct-issued commercial paper, and other such nonparticipating investments are carried at cost because they are nonparticipating contracts that do not capture interest rate changes in their value.

Security transactions are accounted for on a trade date basis which means that the purchases and sales of securities are recorded on the day the trade takes place with a corresponding payable or receivable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

External Investment Pools

The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short-term time deposit agreements, provided that the interest income of those funds is remitted to the State Treasurer as revenues of the State. As a matter of general practice, however, demand funds of any department, board, bureau or other agency in excess of current operating expenses are required to be deposited with the State Treasurer for the purpose of pooled investment per Official Code of Georgia (OCGA) §50-17-63. Such cash is managed primarily in pooled investment funds to maximize interest earnings. The pooled investment funds "Georgia Fund 1, and "Georgia Fund 1 Plus" are also available on a voluntary basis to organizations outside of the State reporting entity. The funds in the local government investment pool may be consolidated with State funds under control of the State Treasurer for investment purposes, per OCGA § 36-83-8.

Georgia Fund 1 – The (GF1 or the Primary Liquidity Portfolio's) primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. It is managed as a stable Net Asset Value (NAV) pool. The Pool operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees of the pool are allocated to participants monthly on the ratio of the participant's share of the total funds in the pool based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. Per the Governmental Accounting Standards Board ("GASB") 79, to qualify for the use of amortized cost accounting for financial reporting purposes, an investment pool must meet all the criteria listed in GASB 79. GF1 is managed as a stable NAV pool but does not comply with all the requirements listed in GASB 79; therefore, the investments of the pool are reported at fair value at fiscal year end.

Georgia Fund 1 Plus – (GF1 Plus) was established on July 1, 2016, and initially funded through redemptions in GF1. It is managed to maintain a stable Net Asset Value (NAV) of $1.00. For financial reporting purposes, the pool is reported at fair value. GF1 Plus was established as an additional LGIP investment option for the state, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure.

Georgia Extended Asset Pool Plus – (GEAP Plus) was established in July of FY19. GEAP Plus is comprised of individual TMPs with maturities up to five years. Each TMP is independent from all other TMPs, they are managed to provide principal and income upon maturity consistent with maintaining preservation of principal if held to maturity. The participant account values are determined by using the amortized cost valuation method. Securities are initially valued at cost.

Thereafter any discounts are accreted, and any premiums are amortized to maturity, regardless of the impact of changes in interest rates on the market value of securities. All earned interest is reinvested within the respective TMP and paid at maturity. For financial reporting purposes, the individual TMP's are reported at fair value at fiscal year end.

Other Investments

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the Securities and Exchange Commission. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Receivables

Receivables in the State's governmental funds pertain primarily to the accrual of taxes, as well as to federal grants and to revenues related to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded, net of an allowance for uncollectible accounts, when either the asset or revenue recognition criteria (See Note 1-D) have been met. Receivables from the federal government are reasonably assured; an allowance for uncollectible accounts is not typically established for federal receivables. In the governmental fund financial statements, the portion considered "available" is recorded as revenue; the remainder is recorded as a deferred inflow of resources.

Inventories and Prepaid Items

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond the fiscal year-end. Also, the employer's portion of health insurance benefits applicable to coverage effective after the fiscal year-end is recorded as a prepaid item.

The fund balance of governmental funds is reported as nonspendable for inventories and prepaid items to indicate that these amounts do not represent expendable available financial resources.

Restricted Assets

Certain cash and cash equivalents, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Position because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Position. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Estimation methods include using historical sources to determine the cost of similar assets at the time of acquisition and indexing where the historical cost of an asset is estimated by taking the current cost of a similar asset and dividing it by an index figure which adjusts for inflation. Donated capital assets are stated at acquisition value at the time of donation and disposals are removed at recorded cost. Infrastructure and intangible assets, as defined by the State's policy, acquired after June 30, 1980, are reported.

All acquisitions in the following asset categories are capitalized regardless of cost:

- Land and non-depreciable land improvements
- Bridges and roadways included in the State highway system
- Works of art and collections, acquired or donated (unless held for financial gain)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amounts for other asset categories are capitalized when the cost or value equals or exceeds the following thresholds. Items acquired through capital or donations are subject to these capitalization thresholds, using the classifications most closely related to the leased or donated assets.

Asset Category	Threshold
Infrastructure other than bridges and roadways in State highway system	$ 1,000,000
Software	$ 1,000,000
Intangible assets, other than software	$ 100,000
Buildings and building improvements	$ 100,000
Improvements other than buildings	$ 100,000
Library collections – capitalize all if collection equals or exceeds	$ 100,000
Machinery and equipment	$ 5,000

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because either they are held for financial gain or they are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives. Major outlays for construction of bridges and roadways in the State highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds.

Capital assets are depreciated over their useful lives using the straight-line depreciation method. The government-wide, proprietary fund and component unit financial statements report depreciation expense.

Capital assets without indefinite or inexhaustible useful lives are generally amortized or depreciated on the straight-line basis over the following useful lives:

Infrastructure	10-100 years
Buildings and building improvements	5-60 years
Improvements other than buildings	15-50 years
Machinery and equipment	3-20 years
Software	3-10 years
Intangible assets, other than software	20 years
Library collections	10 years
Works of art and collections	5-40 years

Deferred Outflows of Resources

In addition to assets, the government-wide and fund financial statements will sometimes report a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net assets or fund balance that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Local Education Agencies Payables

Local Education Agencies Payables are comprised of balances due to the local school districts related to federal and state grants and also includes the accrual for teacher's salary for the portion that is earned as of year-end, but not paid until the following fiscal year.

Policy Claims and Uninsured Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates; however, policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. See Note 18 (Risk Management) for additional information about policy claims liabilities.

Compensated Absences

The compensated absences liability is accrued for the estimated value of leave payments (e.g., for vacation, holiday deferrals, FLSA compensatory time, etc.) using pay rates in effect at the balance sheet date.

Full-time employees earn annual leave ranging from 10 to 14 hours each month depending upon the employee's length of continuous State service with a maximum accumulation of 360 hours. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated or retired employees.

Employees earn 10 hours of sick leave each month with a maximum accumulation of 720 hours. Sick leave does not vest with the employee. There is no liability for accumulated sick leave because the State has no obligation to pay sick leave upon termination or retirement of employment. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with 120 days or more of forfeited annual and sick leave are entitled to additional service credit in ERS. No liability is recorded for rights to receive sick pay benefits.

Overtime for non-exempt employees is governed by the provisions of the Fair Labor Standards Act (FLSA). Overtime worked by non-exempt employees will normally be credited as FLSA compensatory time at a rate of one and one-half hours of compensatory time for each hour of overtime worked. Employees receive pay for overtime in lieu of FLSA compensatory time as provided in statewide policy or upon exceeding the accumulation limits of FLSA compensatory time and upon separation from employment.

Long-term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide Statement of Net Position and on the proprietary fund Statement of Net Position in the fund financial statements. Bond discounts and premiums are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount. Bond issuance costs are recognized during the current period.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principal and interest payments on long-term debt usually should be reported as expenditures under the modified accrual basis of accounting when due. When notes and loans payables become due and payable the liabilities are recorded in the fund from which payment will be made. When bonds or notes are a direct obligation and/or expected to be repaid from proprietary resources, they are recorded as a liability of the proprietary fund at face value.

The *Tax Reform Act of 1986* requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury, interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Arbitrage liability, if applicable, is treated as an expense in the government-wide statements when the liability is recognized. In the fund financial statements, governmental funds report arbitrage (other debt service) expenditures when the liability is due.

Pollution remediation obligations are recorded when the State knows that a site is polluted and one or more obligating events have occurred. The amount recorded is an estimate of the current value of potential outlays for the cleanup, calculated using the "expected cash flows" measurement technique.

Intangible Right-To-Use Assets

The State has both leases under which it is obligated as a lessee and leases for which it is a lessor. The State leases certain academic spaces, administrative offices, and equipment under lease agreements. Leases, as a lessee, are included in intangible right-to use assets and lease obligations on the Statement of Net Position. Financed leases, which transfer ownership, are included in capital assets and notes payable on the Statement of Net Position.

An intangible right-to-use asset represents the State's right to use an underlying asset for the lease term. Lease obligations represent the State's liability to make lease payments arising from lease agreements. Intangible right-to-use assets and lease obligations are recognized based on the present value of lease payments over the lease term, where the initial term exceeds twelve months. Residual value guarantees and the value of an option to extend or terminate a lease are reflected to the extent it is reasonably certain to be paid or exercised. Variable payments based on future performance or usage are not included in the measurement of the lease obligation. Intangible right-to-use assets are amortized using a straight-line basis over the shorter of the lease term or useful life of the underlying asset.

The State is a lessor for non-cancelable leases of land and land improvements, buildings, and equipment. Rental income arising from leases as a lessor is included as a receivable and deferred inflow of resources at the commencement of the lease and revenue is recognized on a straight line basis over the lease term.

At the commencement of a lease, the State initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivables are reduced by the principal portion of lease payments received. The deferred inflow of resources for deferred lease receipts is initially measured as the initial amount of the lease receivable, adjusted for lease payments made at or before the lease commencement date, less certain costs paid to or reimbursed to the lessee.

Key estimates and judgments include how the State determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts:

- The State uses its estimated incremental borrowing rate as the discount rate for leases, unless specifically identified in the lease.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- The lease terms include the non-cancelable periods of the leases. Lease receipts included in the measurement of the lease receivables are composed of fixed payments the State will receive over the lease term.
- The State monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amounts of the lease receivables.

Governmental funds recognize periodic payments on leases as expenditures in the period incurred. State organizations reported as governmental funds are also recording other financing sources and capital outlay expenditures for the net present value of the minimum lease payments. This applies in the initial year of the lease term only. Principal amounts of lease payments due within 12 months are recorded as a current liability. As a lessor, governmental funds should report a lease receivable and deferred inflow of resources at inception of the lease and periodic lease payments are recorded as revenue and a reduction to the lease receivable.

Proprietary funds, fiduciary funds, component units using the accrual basis, and the government-wide financial statements are reporting capital assets as well as long and short-term payables on the statement of net position. Therefore, for leases, an intangible right-to-use asset and lease obligation are recorded at inception of the lease and periodic lease payments are recorded as interest expense and a reduction to the lease obligation. Additionally, amortization expense related to the leased intangible right-to-use asset are recorded.

The State also entered into certain subscription-based agreements to use vendor-provided information technology (IT). Subscription-based information technology arrangements (SBITAs) result in an intangible right-to-use asset and a subscription obligation on the Statement of Net Position. The State capitalizes SBITA items greater than $100,000 over the subscription term and the initial term exceeds 12 months. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Deferred Inflows of Resources

In addition to liabilities, the government-wide and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position

The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources is “Net Position” on the government-wide, proprietary fund and fiduciary fund financial statements.

Net position is reported as net investment in capital assets, restricted or unrestricted. “Net Investment in Capital Assets” consists of capital assets and intangible right-to-use assets, net of accumulated amortization/depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. In addition, deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of capital assets or related debt are included in Net Investment in Capital Assets. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount are not included.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted net position results when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position consists of net position that does not meet the definition of the two preceding categories may be designated, indicating it is not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

When both restricted and unrestricted net position are available for use, it is the State's policy to first utilize federal funds available from restricted net position. Other funds not otherwise remitted to the State Treasury, which may be available from restricted or unrestricted net position should be utilized next, prior to the use of State funds.

Fund Balances

Generally, fund balance represents the difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

> **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted into cash) or (b) legally or contractually required to be maintained intact, such as inventory, prepaid items, and the principal in a permanent fund.
>
> **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the State or through the external restrictions imposed by creditors, grantors or laws or regulations of other governments.
>
> **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal actions of both the Governor and the General Assembly. The Georgia Legislature and Governor represent the State's highest level of decision-making authority. Formal action consists of legislation passed by both the House and Senate and signed by the Governor and is required to establish, modify or rescind a limitation.
>
> **Assigned** – Fund balances are reported as assigned when amounts are constrained by the State's intent that they be used for specific purposes, but they are neither restricted nor committed. Assignments may be made under statutory authority of management of the reporting organizations in the State.
>
> **Unassigned** – The residual amount of fund balance is reported as unassigned for balances that do not meet the above constraints. The government reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

As with net position, when both restricted and unrestricted (committed, assigned, unassigned) fund balances are available for use, it is the State's policy to first utilize federal funds available from restricted fund balance. Other funds not otherwise remitted to the State Treasury, which may be available from restricted, committed or assigned fund balance should be utilized next, prior to the use of State funds when expenditures are incurred for purposes for which amounts in any of those funding sources could be used. Within unrestricted fund balance, after the above consideration of funding source, the State's policy is that committed amounts generally should be reduced first,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Interfund Activity and Balances

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for obligations on goods sold or services rendered.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or requirements for repayment.

In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers of balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the Statement of Net Position except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the Statement of Net Position.

NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

A. Implementation of New Accounting Standards

In fiscal year 2023, the State implemented the following GASB Statements:

Statement No. 91, *Conduit Debt Obligations,* the objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The adoption of this statement does not have a significant impact on the financial statements and will be applied prospectively.

Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* the objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. The adoption of this statement does not have a significant impact on the financial statements and will be applied retroactively. The adoption of this statement resulted in a restatement of the net position of the business-type activities.

Statement No. 96, *Subscription-Based Information Technology Arrangements,* which defines subscription-based information technology arrangements and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this Statement, a government is required to recognize a subscription liability and an intangible right-to-use asset for contracts that meet the definition of a subscription-based information technology arrangement. The adoption of this statement resulted in a restatement of the net position of the governmental activities, business-type activities and discretely presented component units.

Statement No. 99, *Omnibus 2022,* which is effective for certain elements of the requirement effective upon issuance. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation. The adoption of this statement does not have a significant impact on the financial statements.

B. Change in Financial Reporting Entity

Georgia College & State University Foundation, Inc. no longer meets the significance requirements for inclusion as a discretely presented component unit. Georgia College & State University Foundation, Inc. was reclassified to an affiliated organization. The effect of this determination was a decrease to discretely presented component unit beginning net position in the amount of $51.4 million and an increase in fiduciary funds related to the inclusion of Georgia College & State University Foundation, Inc. investment pool in the amount of $1.5 million.

C. Change in Accounting Principles

During the fiscal year GASB Statement No. 96 was adopted, which required restatement of June 30, 2022 governmental activities, business-type activities and discretely presented component unit net position. These changes are in accordance with generally accepted accounting principles.

NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (continued)

For governmental activities, the results of implementing GASB Statement No. 96 are an increase in intangible right-to-use assets increase of $248.0 million and an increase in subscription obligations of $244.9 million, resulting in an overall net increase to net position of $3.1 million.

For business-type activities, the results of implementing GASB Statement No. 96 are an overall increase in assets of $45.2 million and an overall increase in liabilities of $45.2 million for a net impact on net position of $0. The increase in assets is the result of an increase in intangible right-to-use assets, which is evidenced by the restatement noted in *Note 9 Capital Assets and Intangible Right-to-Use Assets*. The increase in liabilities is the result of an increase in subscription obligations, which is evidenced by the restatement noted in *Note 10, Long-Term Liabilities*. Subscription obligations increased $57.8 million, which included $12.7 million previously recorded as software that was recategorized as a subscription obligation with the adoption of GASB Statement No. 96.

For component units, the results of implementing GASB Statement No. 96 are an increase in intangible right-to-use assets increased $35.7 million and an increase in subscription obligations of $35.2 million, resulting in an overall net impact of $0.5 million.

The business-type activities made prior period adjustments due to the adoption of GASB Statement No. 94, which required the restatement of the June 30, 2022 business type activities net position. The results are an overall increase in assets of $5.0 million and an overall increase in liabilities of $5.0 million for a net impact on net position of $0. Under this statement, the institution (transferor) is required to recognize a receivable and a deferred inflow of resource. The increase in assets is the result of an increase in accounts receivables and the increase in liabilities is the result of an increase in deferred inflows of resources. This change is in accordance with generally accepted accounting principles.

D. Correction of Prior Year Errors

Primary Government

During the fiscal year it was determined that an adjustment was needed relating to the misreporting of certain fees and penalties by the Georgia Department of Labor (GDOL). In previous years, certain items (Administrative Assessment fees, Employer Penalties, and Interest fees) were not properly remitted to the Georgia State Treasury and GDOL's general fund financial statements were understated accordingly. An adjustment of $105.2 was made to increase beginning fund balance of the general fund.

State Properties Commission (SPC) is a lessor and the related accounts receivable and deferred inflows were recorded at governmental activities in fiscal year 2022. However, the reporting of these items belonged in the general fund. The movement of this to the general fund resulted in an increase of the fiscal year 2022 general fund balance of $27.5 million, and a corresponding decrease in government-wide adjustments. There was no impact to total Governmental Activities net position.

During the fiscal year, it was determined that capital assets were overstated at the Department of Behavioral Health and the Secretary of State in fiscal year 2022 totaling $33.5 million, resulting in an overstatement of net position in the governmental activities. An adjustment was made in fiscal year 2023 to decrease net position to reflect correction to the prior year amounts.

During the fiscal year, it was determined that $19.4 million of leased assets, net of associated liabilities, were understated at the State Properties Commission in fiscal year 2022, resulting in an understatement of net position in the governmental activities. An adjustment was made in fiscal year 2023 to increase net position to reflect correction to the prior year amounts.

NOTE 2 - CHANGES IN FINANCIAL ACCOUNTING AND REPORTING (continued)

Component Units

Component Unit balances reported at June 30, 2022 were misstated related to accounts receivable, unrecorded expenses, payables and other assets. Beginning net position has been decreased by $7.8 million to reflect corrections for the recognition of accounts receivable, which were overvalued in the prior year. Beginning net position has decreased by $2.8 million related to unrecorded payables that should have been recorded in the prior year. Additionally, beginning net position increased by $3.0 million to reflect correction of the recognition of bond issue premiums(discounts) and other assets that should have been recorded in the prior year. These changes are in accordance with generally accepted accounting principles.

NOTE 3 - FUND EQUITY RECLASSIFICATIONS AND RESTATEMENTS

Reclassifications and Restatements consisted of the following (amounts in thousands):

	6/30/2022 As Previously Reported	Change in Financial Reporting Entity	Change in Accounting Principles	Correction of Prior Year Errors	6/30/2022 (Restated)
Governmental Funds and Activities					
Major Funds:					
General Fund	$ 20,018,078	$ —	$ —	$ 132,633	$ 20,150,711
General Obligation Bond Projects Fund	1,616,835	—	—	—	1,616,835
Nonmajor Funds:					
Special Revenue Funds	8,187	—	—	—	8,187
Debt Service Fund	1,249,601	—	—	—	1,249,601
Total Governmental Funds	22,892,701	—	—	132,633	23,025,334
Government-wide Adjustments					
Capital Assets, net of depreciation	26,460,743	—	—	(33,470)	26,427,273
Intangible Right-to-use Assets, net of amortization	692,035	—	247,949	10,200	950,184
Other Noncurrent Assets and Liabilities	(631,931)	—	—	—	(631,931)
Deferred Inflows/Outflows of Resources	(1,233,382)	—	—	880,231	(353,151)
Long-Term Liabilities Related to Debt and Leases	(11,989,371)	—	(244,870)	9,219	(12,225,022)
Long-Term Accounts Receivable	929,601	—		(907,694)	21,907
OPEB Assets/Liabilities	296,556	—	—	—	296,556
Pension Assets/Liabilities	(1,830,416)	—	—	—	(1,830,416)
Inclusion of Internal Service Funds in Governmental Activities	1,264,370	—	—	—	1,264,370
Total Governmental Funds and Activities	**$ 36,850,906**	**$ —**	**$ 3,079**	**$ 91,119**	**$ 36,945,104**
Proprietary Funds and Business-type Activities					
Major Funds:					
Higher Education Fund	$ 3,681,738	$ —	$ —	$ —	$ 3,681,738
State Health Benefit Plan	657,986	—	—	—	657,986
Unemployment Compensation Fund	1,317,809	—	—	—	1,317,809
Nonmajor Funds:					
Enterprise Funds	176,601	—	—	—	176,601
Internal Service Funds	949,369	—	—	—	949,369
Internal Service Funds Look-Back Adjustments					
Removal of Internal Service Funds Relating to Governmental Activities	(1,264,370)	—	—	—	(1,264,370)
Total Proprietary Funds and Business-type Activities	**$ 5,519,133**	**$ —**	**$ —**	**$ —**	**$ 5,519,133**
Fiduciary Funds					
Pension and Other Employee Benefit Trust Funds	111,361,759	—	—	—	$ 111,361,759
Investment Trust Funds	13,552,337	—	—	—	13,552,337
Private Purpose Trust Funds	325,643	—	—	—	325,643
Custodial Funds					
Custodial	409,415	—	—	—	409,415
External Investment Pool	$ 65,338	1,502	—	—	66,840
Total Fiduciary Funds	**$ 125,714,492**	**$ 1,502**	**$ —**	**$ —**	**$ 125,715,994**
Discretely Presented Component Units	**$ 13,956,458**	**$ (51,412)**	**$ 498**	**$ (7,577)**	**$ 13,897,967**
Total Reporting Entity	**$ 182,040,989**	**$ (49,910)**	**$ 3,577**	**$ 83,542**	**$ 182,078,198**

NOTE 4 - FUND BALANCE AND NET POSITION

A. Fund Balances

The specific purposes of the governmental funds fund balances, classified as other than unassigned, at June 30, 2023 are as follows (amounts in thousands):

	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable Fund Balance				
Inventories and Prepaid Amounts	**$ 41,820**	**$ —**	**$ —**	**$ 41,820**
Restricted Fund Balance				
Capital Projects	$ —	$ 1,387,340	$ —	$ 1,387,340
Guaranteed Revenue Debt				
Common Reserve Fund	45,082	—	—	45,082
Emission Regulation	7,396	—	—	7,396
Healthcare Facility Regulation	25,829	—	—	25,829
Indigent Care Trust Fund	8,449	—	—	8,449
LOGO Program	15,389	—	—	15,389
Lottery For Education	2,295,070	—	—	2,295,070
Opioid	—	—	91,385	91,385
Roads and Bridges (Motor Fuel Tax Funds)	4,109,967	—	607,991	4,717,958
Roadside Enhancement and Beautification Fund	5,451	—	—	5,451
Unclaimed Property	41,508	—	—	41,508
Underground Storage Tank Trust Fund	114,586	—	—	114,586
Unissued Debt/Debt Service	57,598	—	4,665	62,263
Utility Location, Planning and Coordination of Transportation Projects	19,573	—	—	19,573
Food Stamp Recoveries	497	—	—	497
Brain & Spinal Injury Trust Fund	3,016	—	—	3,016
Help America Vote Act	2,395	—	—	2,395
Victims of Violent Crime Emergency Fund	16,846	—	—	16,846
Health and Welfare				
Behavioral Health	6,369	—	—	6,369
Community Health	27,680	—	—	27,680
Human Services	150,127	—	—	150,127
Public Health	28,678	—	—	28,678
Transportation	182,860	—	600,802	783,662
Public Safety	65,662	—	—	65,662
Economic Development and Assistance	21,527	—	—	21,527
Culture and Recreation	65,909	—	—	65,909
Other	14,314	64,277	—	78,591
Total Restricted Fund Balance	**$ 7,331,778**	**$ 1,451,617**	**$ 1,304,843**	**$ 10,088,238**
Committed Fund Balance				
Administrative Services State Purchasing	$ 33,082	$ —	$ —	$ 33,082
Billeting Funding	1,509	—	—	1,509
Georgia Blindness Prevention Program	1,764	—	—	1,764
Veterans' Homes Residency Fees	1,076	—	—	1,076
Other	681	—	—	681
Total Committed Fund Balance	**$ 38,112**	**$ —**	**$ —**	**$ 38,112**
Assigned Fund Balance				
General Government	$ 1,065,953	$ 538,322	$ 1,681	$ 1,605,956
Education	20,447	—	—	20,447
Health and Welfare	881,761	—	—	881,761
Transportation	250,891	—	65,176	316,067
Public Safety	237,059	—	—	237,059
Economic Development and Assistance	25,991	—	—	25,991
Culture and Recreation	45,545	—	—	45,545
Conservation	3,866	—	—	3,866
Total Assigned Fund Balance	**$ 2,531,513**	**$ 538,322**	**$ 66,857**	**$ 3,136,692**

NOTE 4 - NET POSITION AND FUND BALANCES (continued)

B. Restricted Net Position

The State's net position restricted by enabling legislation represents resources which a party external to a government, such as citizens, public interest groups, or the judiciary, can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $12.3 billion of restricted net position.

C. Deficit Net Position

The business-type activities of the State ended the year with an unrestricted net position deficit of $5.3 billion, which is primarily due to the recognition of net pension and OPEB liabilities, as well as various debt related items. Items of note regarding this deficit balance are as follows:

- GASB 68, as related to pensions, required the State to recognize its proportionate share of the net pension liability of the pension plans applicable to said standard. As of June 30, 2023, the liability resulted in a $3.0 billion impact to unrestricted net position.

- GASB 75, as related to OPEB, required the State to recognize its proportional share of the net OPEB liability of the OPEB plans applicable to said standard. As of June 30, 2023, the liability resulted in a $4.8 billion impact to unrestricted net position.

- The State Road and Tollway Authority's deficit of $209.8 million in unrestricted net position of business-type activities is primarily a result of $367.4 million in outstanding balance for the Series 2021AB Guaranteed Revenue Bonds. Secured in July 2021, this financing provided defeasance of previous balances for the I-75 Northwest Corridor project TIFIA loan and the I-75S express lanes transportation revenue bonds, along with providing funding for ongoing capital needs for the authority.

- The unrestricted deficit balance of the primary government however has been adjusted for the governmental activities outstanding debt balances related to capital assets reported in business-type activities in the amount of $3.5 billion, which is reflected in net investment in capital assets.

NOTE 5 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents and investments as of June 30, 2023 are classified in the accompanying financial statements as follows (amounts in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Primary Government			
Cash and Cash Equivalents	$ 5,335,290	$ 1,075,600	$ 6,410,890
Pooled Investments with State Treasury	29,749,176	2,452,064	32,201,240
Investments	4,108,667	1,573,459	5,682,126
Restricted Assets			
Cash and Cash Equivalents	2,792,512	855,765	3,648,277
Pooled Investments with State Treasury	414,316	760,550	1,174,866
Investments	282,847	4,714,098	4,996,945
Fiduciary Funds			
Cash and Cash Equivalents	1,897,211	—	1,897,211
Pooled Investments with State Treasury	18,086,797	—	18,086,797
Investments	118,830,112	—	118,830,112
Total Cash and Investments	**$ 181,496,928**	**$ 11,431,536**	**$ 192,928,464**

Cash on hand, deposits and investments as of June 30, 2023 consist of the following (amounts in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Cash on Hand	$ 580	$ 59	$ 639
Deposits with Financial Institutions (Note 5A)	4,709,675	1,535,969	6,245,644
Investments (Note 5B)	126,945,033	6,602,013	133,547,046
Pooled Investments with State Treasury (Note 5D)	48,250,289	3,212,614	51,462,903
Unemployment Compensation Funds with U.S. Treasury	1,672,232	—	1,672,232
Assets Held at the Board of Regents on Behalf of Other Organizations	(80,881)	80,881	—
Total Cash and Investments	**$ 181,496,928**	**$ 11,431,536**	**$ 192,928,464**

A. Deposits

Deposits include certificates of deposit and demand deposit accounts. The State Depository Board (Board) has authority to determine collateral requirements for State demand deposit accounts. Beginning in October 2008, in response to the U.S. financial crisis, the Board required all uninsured State deposits to be fully collateralized until September 2012. Its investment policy was amended to permit the Office of the State Treasurer (OST) to diversify its portfolio to include investments in deposit agreements that are with highly rated U.S. banks classified to be low or very low risk, as measured by the OST counterparty risk assessment model.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The Board permits OST to invest in deposit agreements in approved banks as an alternative to purchasing commercial paper and corporate notes issued by highly rated U.S. banks because of the clear preference of all depositor claims, insured and uninsured, over general creditors. OST has been advised that there is a clear and significant difference in favor of deposits over commercial paper in the event of insolvency or liquidation of a U.S. bank thus, OST gives preference to interest-bearing demand deposits due to both a preference in safety of capital and daily liquidity. For any single financial institution, investments deposit agreements, in approved banks that are not collateralized or secured as described below, together with purchases of commercial paper, cannot exceed 5% of total portfolio assets invested by OST.

Other than the deposit agreements referenced above, State demand deposits, time deposits and other certificates of deposit must be secured by eligible collateral, a Federal Home Loan Bank letter of credit, or a surety bond approved by the Board. There are currently no issuers of surety bonds that have been approved by the Board. Eligible collateral includes any one or more of the following securities as enumerated in OCGA § 50-17-59:

1) Bonds, bills, certificates of indebtedness, notes or other direct obligations of the United States or of the State.

2) Bonds, bills, certificates of indebtedness, notes or other obligations of the counties or municipalities of the State.

3) Bonds of any public authority created by the laws of the State, providing that the statute that created the authority authorized the use of the bonds for this purpose, the bonds have been duly validated and they are not in default.

4) Industrial revenue bonds and bonds of development authorities created by the laws of the State, for which bonds have been duly validated and they are not in default.

5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the U.S. Government, which are fully guaranteed, both as to principal and interest and debt obligations issued, or securities guaranteed by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association.

The Board is authorized in OCGA § 50-17-58 to allow agencies of the State the option of exempting demand deposits from the collateral requirements. Currently, the Board has only authorized OST to waive collateral on special accounts approved by the Board, as referenced above, in accordance with its investment policy. The Board requires all other State demand deposits, time deposits and certificates of deposits to be collateralized in an amount equal to and not less than 110% of any deposit not insured by the FDIC. In addition, the Board instituted a requirement to limit total State deposits at any State depository to not exceed 100% of the depository's equity capital. The Board may temporarily increase the total State deposit limit at any State depository to 125% of equity capital to allow for fluctuation in demand deposit balances. Credit unions are not authorized to serve as State depositories.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered. The OST Investment Policy specifies safety of capital as the first priority in investing funds and liquidity as the second priority, followed by investment return and diversification. In adherence to these objectives, OST maintains balances in deposit agreements in approved banks for investment unless commercial paper issued by those financial institutions offers a risk-adjusted advantage. OST closely monitors the credit of U.S. banks having deposit agreements.

Beginning in 2018, the Board implemented the Secure Deposit Program (SDP), a multi-bank pledging pool. The SDP requires participating banks that accept public deposits in Georgia to operate under the policy and procedures of the program. The State Treasurer sets the collateral requirements and pledging level for each covered depository. There are four tiers of collateralization levels specifying percentages of eligible securities to secure covered Deposits: 25%, 50%, 75%, and 110%. The SDP also provides for collateral levels to be increased to amount of up to 125% if economic or financial conditions warrants. The program lists the type of eligible collateral. The State Treasurer approves authorized custodians.

In accordance with the SDP, if a covered depository defaults, losses to public depositors are first satisfied with any applicable insurance, followed by demands of payment under any letters of credit or sale of the covered depository's collateral. If necessary, any remaining losses are to be satisfied by assessments made against the other participating covered depositories. Therefore, for disclosure purposes, all deposits of participants in the SDP are considered to be fully insured.

At June 30, 2023, bank balances of the primary government and its component units' deposits not included in the SDP totaled $3.3 billion. It includes balances reported in fiduciary funds other than Pension and Other Employee Benefit Trust Funds as these balances are not separable from the holdings of the primary government. Of these bank balances, $358.8 million were exposed to custodial credit risk as follows (amounts in thousands):

	Primary Government and Fiduciary Funds	Component Units	Total
Uninsured and uncollateralized	$ 52,323	$ 80,941	$ 133,264
Uninsured and collateralized with securities held by the pledging financial institutions	2,971	25,376	28,347
Uninsured and collateralized with securities held by the pledging institutions' trust departments or agents, but not in the State's name	65,130	132,069	197,199
Total deposits exposed to custodial credit risk	**$ 120,424**	**$ 238,386**	**$ 358,810**

The carrying amounts of deposits of certain higher education foundations which utilize FASB standards were $380.0 million. These deposits are not included in the balances reflected above. Total SDP balance for the primary government and its component units' is $1.6 billion.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

B. Investments

Investment Policies

Primary Government

The predominant portions of the primary government's investments are managed by OST and the University System of Georgia (USG). OST's and USG's investment policies are therefore presented as the investment policies of the primary government.

The State Depository Board has adopted two investment policies to govern State investments:

1) The Investment Policy for the Office of the State Treasurer (OST Investment Policy) dictates investment of assets managed by OST.

2) The Investment Policy for Approved State Investment Accounts (Investment Policy for Approved Agency Accounts) governs investments managed by organizations other than OST.

OST Investment Policy

OST is the only organization approved by the Board to invest funds pursuant to the OST Investment policy. The State Treasurer shall invest all funds with the degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment. OST is to invest all funds prudently, considering first, the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

OST is authorized to invest in securities and other investments as permitted in OCGA § 36-83-2, § 36-83-4, § 50-5A-7, § 50-17-2, § 50-17-27 and § 50-17-63. Authorized investments are subject to certain restrictions pursuant to the OST Investment Policy and specific guidelines for the individual portfolios managed by OST. Authorized investments and related restrictions and guidelines are described below:

a) Repurchase agreements – Repurchase agreements and reverse repurchase agreements may be transacted with authorized institutions that are rated investment grade by one or more nationally recognized rating agency or are determined by the Treasurer to have adequate capital and liquidity, with maximum exposure per institution determined by the Treasurer and adjusted as needed due to the financial condition of such institutions, the size of the OST investment portfolios, and in accordance with the OST counterparty risk assessment model. Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government or other securities authorized for investment by the Treasurer in subsection (b) of Code of Section 50-17-63. Collateral comprised of obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government must have a market value of at least 102% of the investment and other eligible collateral must have a market value of 105% of the investment. Collateral must be held by a third party custodian approved by the Treasurer and marked-to-market daily. Exceptions to the requirements for third party custody of collateral or collateral requirements may be approved by the Treasurer for authorized institutions if necessary on occasion. All counterparties, and exceptions to

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

custody and collateral requirements shall be reported by the Treasurer to the State Depository Board. All reverse repurchase agreements shall be approved in advance by the Treasurer.

b) Certificates of deposit (CD's) – The maximum term of CD's shall not exceed five years. OST shall not place funds in non-negotiable CD's at any depository if such placement of funds will result in total state deposits at such depository in excess of 100% of total equity capital. Provided, however, that the Treasurer may authorize placement of funds in CD's at a depository if such placement of funds will result in total state deposits not to exceed 125% of total equity capital on an as needed basis to allow for fluctuations in demand deposit balances. All CD's must be fully insured by the FDIC or secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be held by a third party custodian approved by OST. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OST, and thereafter maintain upon notification or any shortfall, collateral having a market value equal to 110% of CD's or be secured through the Georgia multibank pledging pool program (Secure Deposit Program) with "Required Collateral" as defined therein.

c) Commercial paper (CP) – CP issued by domestic corporations carrying ratings no lower than P-1 by Moody's Investors Service and A-1 by Standard & Poor's Corporation, in an amount, including the balance of any bank deposit held for investment purposes described in (d) (4), below, that does not exceed 5% of portfolio assets for any single issuer.

d) Bank deposits held for investment purposes (formerly referred to as negotiated investment deposit agreements). – Deposit agreements with banks that are (1) secured by collateral permitted by statute, held by a third party custodian, marked-to-market daily, and having a market value equal to or exceeding 110% of the deposit; (2) secured through the Georgia multibank pledging pool program (Secure Deposit Program) with "Required Collateral" as defined therein; (3) fully secured by a letter-of-credit issued by a Federal Home Loan Bank; (4) fully secured by a surety bond issued by a financial institution approved by the State Depository Board; (5) fully insured by the FDIC; or, (6) subject to funds being available upon demand, with U.S. banks carrying ratings no lower than P-2 by Moody's Investors Service or A-2 by Standard & Poor's Corporation, are determined by the Treasurer to have adequate capital, with maximum exposure per institution determined by the Treasurer and adjusted as needed due to the financial condition of such institutions, the size of the OST investment portfolios, and in accordance with the OST counterparty risk assessment model in an amount, including any CP issued by the respective financial institution held for investment by OST, that does not exceed 5% of portfolio assets for any single institution.

e) Prime bankers acceptances – Bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.

f) Obligations issued by this state or its agencies or other political subdivisions of this state. Such investments, if meeting statutory investment requirements, may be approved for investment by the Treasurer with the requirement that they are of high credit quality and are reported to the State Depository Board.

g) Obligations of corporations – Obligations of domestic corporations including notes, bonds, negotiable CD's, and other marketable securities must be rated investment grade or higher by a nationally recognized rating agency.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

h) Obligations issued by the government of any foreign country – Direct obligations of the government of any foreign country must be rated A or higher by a nationally recognized rating agency.

i) International Bank for Reconstruction and Development or the International Financial Corporation – Obligations issued, assumed, or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by nationally recognized rating agency.

j) Georgia Fund 1 (GF1), Georgia Fund 1 Plus, Georgia Extended Asset Pool Plus (GEAP Plus), and any other funds comprising the local government investment pool in amounts necessary for prudent diversification, liquidity, and investment income.

k) Asset-backed securities – Pursuant to OCGA § 50-5A-7(b), asset-backed securities rated AAA, having broad liquidity reflecting at least $350 million of outstanding issuance and issued by an underlying credit rated A3/A or higher by Standard and Poor's Corporation or Moody's Investor Service.

l) Commercial mortgage-backed securities – Pursuant to OCGA § 50-5A-7(b), commercial mortgage-backed securities rated AAA by Standard and Poor's Corporation or Moody's Investors Service.

m) Such other limitations as determined by the Treasurer to be necessary for the preservation of principal, liquidity, or marketability of any of the portfolios, including allowing investment in any single issuer of CP as described in (c) above or bank deposits held for investment purposes as described in (d) above to temporarily exceed 5% for a period not to exceed 10 business days to allow for efficient investment of accounts experiencing significant fluctuation of balances.

Investment Policy for Approved Agency Accounts

The OST Investment Policy does not authorize organizations other than OST to invest funds. OCGA § 50-17-63(a) requires all demand funds held by any State organization to be deposited in accounts at State depositories approved by the Board. In the alternative, with prior approval of the Board, a state entity may be permitted to invest in time deposits, other permitted investments and any interest income from the invested funds must be remitted to the Treasurer as revenues of the State unless specific statutes provide otherwise. Therefore, the Board adopted the Investment Policy for Approved State Agency Investment Accounts to govern investment activity in accounts approved by the Board other than investments managed or overseen by OST or “excluded entities”. These “excluded entities” include, but are not limited to, the Georgia Higher Education Savings Plan, USG, the Employees’ Retirement System (ERS), Teachers Retirement System of Georgia (TRS), and the Georgia Lottery Corporation. Only organizations that are approved by the Board to establish and maintain investment accounts may rely on the Investment Policy for Approved Agency Accounts to invest funds. As of June 30, 2023, no State organizations had received Board approval to establish investment accounts governed by the Investment Policy for Approved Agencies.

Board of Regents Investment Policies

The USG serves as fiscal agent for various units of the University System of Georgia and affiliated organizations. The USG pools the monies of these organizations with the USG's monies for investment purposes. The investment pool is not registered with the SEC as an investment company. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each pooled investment fund balance at fair value along with a pro rata share of the pooled fund’s investment returns.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The USG maintains investment policy guidelines for each pooled investment fund that is offered to qualified University System participants. These policies are intended to foster sound and prudent responsibility each institution has to the citizens of Georgia and which conforms to the Board of Regents investment policy. All investments must be consistent with donor intent, Board of Regents policy, and applicable Federal and state laws.

Units of the University System of Georgia and their affiliated organizations may participate in the Pooled Investment Fund program. The overall character of the pooled fund portfolio should be one of above average quality, possessing at most an average degree of investment risk. The Board of Regents' pooled investment fund options are described below:

1) Short-Term Fund - The Short-Term Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides a current return and stability of principal while affording a means of overnight liquidity for projected cash needs. Investments are in securities allowed under OCGA § 50-17-59 and § 50-17-63. The average maturities of investments in this fund will typically range between daily and four years, and the fund will typically have an overall average duration of 9 months to 1 year. The overall character of the portfolio is of Agency quality, possessing a minimal degree of financial risk. The market value of the Short Term Fund at June 30, 2023 was $704.9 million, of which 100% was invested in debt securities. The Effective Duration of the Fund is 0.93 years.

2) Legal Fund - The Legal Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund provides an opportunity for greater return and modest principal growth to the extent possible with the securities allowed under OCGA § 50-17-59 and § 50-17-63. The average maturities of investments in this fund will typically range between three and five years, with a maximum of thirty years for any individual investment. The overall character of the portfolio is Agency quality, possessing a minimal degree of financial risk. The market value of the Legal Fund at June 30, 2023 was $15.9 million, of which 100% is invested in debt securities. The Effective Duration of the Fund is 3.47 years.

3) Balanced Income Fund - The Balanced Income Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to be a vehicle to invest funds that are not subject to the state regulations concerning investing in equities. This pool is appropriate for investing longer term funds that require a more conservative investment strategy. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 20% and 40%, with a target of 30% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 60% and 80%, with a target of 70% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Balanced Income Fund at June 30, 2023 was $216.2 million, of which 66% is invested in debt securities. The Effective Duration of the Fund is 5.46 years.

4) Total Return Fund - The Total Return Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is another pool designed to be a vehicle to invest funds that are not subject to state regulations concerning investing in equities. This pool offers greater overall equity exposure and is appropriate for investing longer term funds such as endowments. Permitted investments in the fund are domestic US equities, domestic investment grade fixed income, and cash equivalents. The equity allocation shall range between 60% and 80%, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1,

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Total Return Fund at June 30, 2023 was $26.8 million, of which 30% is invested in debt securities. The Effective Duration of the Fund is 5.68 years.

5) Diversified Fund - The Diversified Fund is available to both University System of Georgia institutions and their affiliated organizations. The Fund is designed to provide improved return characteristics with reduced volatility through greater diversification. This pool is appropriate for investing longer term funds such as endowments. Permitted investments in the fund may include domestic, international and emerging market equities, domestic fixed income and global fixed income. The equity allocation shall range between 60% and 80% of the portfolio, with a target of 70% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 20% and 40%, with a target of 30% of the total portfolio. Cash reserves and excess income are invested at all times in the highest quality par stable (A1, P1) institutional money market mutual funds, or other high quality short term instruments. The market value of the Diversified Fund at June 30, 2023 was $255.4 million, of which 27% is invested in debt securities. The Effective Duration of the Fund is 5.51 years.

6) Diversified Fund for Foundations - The Diversified Fund for Foundations is available only to University System of Georgia affiliated organizations. Like the Diversified Fund, the fund is designed to provide improved return characteristics with reduced volatility through greater diversification and is appropriate for investing longer term funds such as endowments. Investments in the fund may include domestic, international and emerging market equities, domestic and global investment grade and non-investment grade fixed income and liquid alternative investments. The equity allocation shall range between 40% and 75% of the portfolio, with a target of 65% of the total portfolio. The fixed income (bond) portion of the portfolio shall range between 10% and 40% of the portfolio, with a target of 20% of the total portfolio. The alternatives portion of the portfolio shall range between 0% and 30% of the portfolio, with a target of 15% of the total portfolio. Cash reserves and invested income are invested at all times in the highest quality par stable (A1, P1) institutional money market funds, or other high quality short term instruments. The market value of the Diversified Fund for Foundations at June 30, 2023 was $74.0 million, of which 21% is invested in debt securities. The Effective Duration of the Fund is 4.46 years.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

In accordance with OCGA § 47-20-83, Public Retirement Systems may invest in the following:

1) U.S. or Canadian corporations or their obligations with limits as to the corporations’ size and credit rating.
2) Repurchase and reverse repurchase agreements for direct obligations of the U.S. Government and for obligations unconditionally guaranteed by agencies.
3) FDIC insured cash assets or deposits.
4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the U.S. Government.
5) Taxable bonds, notes, warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the U.S. Government.
7) Investment grade collateralized mortgage obligations.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the U.S. or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the U.S., and the right to receive determinate portions or related income.
12) Loans that are secured by pledge or securities eligible for investment.
13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
15) Land and buildings on such land used or acquired for use as a fund’s office for the convenient transaction of its own business with restrictions.
16) Real property and equipment acquired under various circumstances.
17) Shares of mutual funds registered with Securities and Exchange Commission.
18) Commingled funds and collective investment funds maintained by state chartered banks or trust companies.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund’s asset value. The retirement systems have additional restrictions on the acquisition of securities of companies with activities in the Iran petroleum energy sector. A list of scrutinized companies with activities in the Iran petroleum energy sector has been compiled and is annually updated. This list is utilized to identify and potentially divest the retirement systems of such holdings.

In accordance with OCGA § 47-20-87, certain eligible large retirement systems (excluding the Teachers Retirement System of Georgia) are authorized to invest in alternative investments such as privately placed investment pools that include investments such as leveraged buyout funds, mezzanine funds, workout funds, debt funds, venture capital funds, merchant banking funds, funds of funds and secondary funds. In addition, these retirement systems are authorized to invest in private placements and other private investments such as leveraged buyouts, venture capital investment, equity investments such as preferred and common stock, warrants, options, private investments in public securities, recapitalizations, privatizations, mezzanine debt investments, distressed debt and equity investments, convertible securities, receivables, debt and equity derivative instruments, etc. The amount invested by an eligible large retirement system in alternative investments may not in the aggregate exceed 5% of the eligible large retirement system’s assets at any time.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Other Postemployment Benefits (OPEB)

In May of 2018, the State created an investment policy for state and school OPEB trust funds. The policy requires at least 25% of funds to be invested at State Treasury and be subject to OST policy. The remaining funds are invested by ERS in publicly traded equities permitted in accordance with OCGA § 47-20-84.

Component Units

Component units follow applicable investing criteria as specifically authorized by statute or by the component unit's governing authority. Certain higher education foundations utilize FASB standards. Balances for those component units as of June 30, 2023, are as follows (amounts in thousands):

	Fair Value
Bond Securities	$ 234,396
Certain split-interest investments	2,087
Commodity Funds	5,448
Corporate Debt-Domestic	27,810
Cash Surrender Value	7,998
Equity Securities-Domestic	363,239
Equity Securities-International	367,662
Hedge Funds	838,830
Hedge fund limited partnerships	328,668
Money Market Mutual Funds	457,830
Mutual Funds Debt	213,190
Mutual Funds Equities Domestic	325,626
Mutual Funds Equities International	351,003
Natural Resources	141,820
Private Equities	1,012,234
Private Equity limited partnerships	306,171
Real asset limited partnerships	50,182
Real Estate Investment Trusts	51,741
Real Estate Investments	190,115
Repurchase Agreements	1,195
US Agencies Obligations	11,556
US Agencies Obligations-Explicitly Guaranteed	8,191
US Treasuries Obligations	87,021
Venture capital-equity funds	20,061
Other Pooled /Managed Funds	24
Other	71
Total Investments	**$ 5,404,169**

The component unit disclosures that follow do not include these balances, with the exception of the fair value measurement tables.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Primary Government

OST's policy for management of interest rate risk attempts to match investments with expected cash requirements. However, certificates of deposit may not have a term exceeding five years. The State Treasurer may establish duration or maturity limitations for other investments.

USG's policy for managing interest rate risk attempts to match investments with expected cash requirements.

The following table provides information about the primary government's exposure to interest rate risk. It includes balances reported in fiduciary funds other than Pension and Other Employee Benefit Trust Funds as these balances are not separable from the holdings of the primary government (amounts in thousands):

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	$ 1	$ —	$ —	$ —	$ —	$ 1
Bank Deposits Held for Investment Purposes	(620,807)	(620,807)	—	—	—	—
Corporate Debt						
Domestic	292,176	32,079	188,753	70,789	552	3
International	5	—	—	—	—	5
Money Market Mutual Funds	1,648,589	1,648,589	—	—	—	—
Mortgage-Backed Securities	8	—	—	—	—	8
Municipal Bonds	916	—	40	469	246	161
Mutual Funds - Debt*	73,601	718	9	15,586	29,460	27,828
Repurchase Agreements	2,965,000	2,965,000	—	—	—	—
U.S. Agency Obligations - Explicitly Guaranteed	243,367	153,560	863	53,432	1,883	33,629
U.S. Agency Obligations	1,636,751	115,800	569,796	910,427	11,856	28,872
U.S. Treasury Obligations	1,174,162	436,345	426,651	311,140	26	—
Total Debt Securities	**7,413,769**	**$ 4,731,284**	**$ 1,186,112**	**$ 1,361,843**	**$ 44,023**	**$ 90,507**
Equity Mutual Funds						
Domestic	137,254					
International	1,035					
Equity Securities						
Domestic	138,068					
International	580					
Pooled Investments	75,237					
Real Estate Held for Investments	6,347					
Real Estate Investment Trust	556					
Other	15					
Total Investments	**$ 7,772,861**					

*Maturity Period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds Administered by the Employees' and Teachers Retirement Systems

The Boards of the Employees' and Teachers Retirement Systems have elected to manage interest rate risk of these pension and other employee benefit trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (amounts in thousands):

	Total Fair Value	Effective Duration (Years)
Corporate and Other Bonds	$ 8,214,804	4.8
International Obligations:		
Corporate	458,197	3.4
U.S. Treasury Obligations	20,789,648	4.4
Total Debt Securities	29,462,649	
Common Stock		
Domestic	63,264,217	
International	17,971,612	
Mutual Funds - Equity	8,142	
Private Equity	1,140,392	
Commingled Funds	2,539,520	
Total Investments	**$ 114,386,532**	

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds Administered by Other than the Employees' and Teachers Retirement Systems

The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk. The following table provides information about interest rate risks associated with these pension and other employee benefit trust funds' investments (amounts in thousands):

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-backed Securities						
Domestic	$ 26,251	$ —	$ —	$ 15,500	$ 3,541	$ 7,210
Corporate Debt						
Domestic	229,394	3,995	22,267	98,798	59,428	44,906
International	8,966	275	1,069	4,977	1,359	1,286
Commingled Funds	20,921	—	—	20,921	—	—
Guaranteed Investment Contracts	236	—	—	—	—	236
International Government Obligations	192	—	—	192	—	—
Money Market Mutual Funds	87,871	87,871	—	—	—	—
Mortgage-backed Securities	94,583	—	—	227	613	93,743
Municipal Bonds	5,297	—	605	2,318	202	2,172
Mutual Funds - Debt*	29,588	—	—	5,139	11,136	13,313
U.S. Agency Obligations-Explicitly Guaranteed	3,007	—	—	21	—	2,986
U.S. Agency Obligations	135,874	1,343	405	309	1,911	131,906
U.S. Treasury Obligations	132,501	—	6,277	56,578	23,590	46,056
Total Debt Securities	**774,681**	**$ 93,484**	**$ 30,623**	**$ 204,980**	**$ 101,780**	**$ 343,814**
Commingled Funds	290,872					
Equity Mutual Funds						
Domestic	88,683					
International	16,443					
Equity Securities						
Domestic	2,915,094					
International	307,006					
Exchange Traded Funds-Equity	25,633					
Exchange Traded Funds-International	2,736					
Pooled Investments	213,288					
Private Equity	136,260					
Real Estate Investment Trust	14,738					
Other	216					
Total Investments	**$ 4,785,650**					

*Maturity period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority.

The component units' exposure to interest rate risk is presented below (amounts in thousands):

		Maturity Period				
	Total Fair Value	Less than 3 Months	4 - 12 Months	1 - 5 Years	6 - 10 Years	More than 10 Years
Asset-Backed Securities						
Domestic	$ 10	$ —	$ —	$ 10	$ —	$ —
Certificate of Deposits	3,772	—	481	3,291	—	—
Corporate Debt						
Domestic	67,604	707	8,856	41,889	14,350	1,802
International	289	—	—	289	—	—
Insurance Contracts	22,945	—	—	—	—	22,945
International Government						
Obligations	996	—	—	713	224	59
General Obligation Bonds	297	297	—	—	—	—
Global Credit Opportunities II Fund	10,722	—	—	10,722	—	—
Investment Agreements	11,830	—	2,660	2,354	6,816	—
Money Market Mutual Funds	219,443	213,173	6,268	2	—	—
Mortgage-Backed Securities	87,855	—	—	3,381	2,842	81,632
Municipal Bonds	378	—	10	301	35	32
Mutual Funds - Debt*	97,143	56,853	—	14,298	23,112	2,880
Non-purpose investments	46,003	—	46,003	—	—	—
Repurchase Agreements	70,961	65,196	—	—	5,765	—
Strategic Income Opportunities Funds	63,307	—	—	63,307	—	—
U.S. Agency Obligations - Explicitly Guaranteed	4,814	3,468	17	1,287	42	—
U.S. Agency Obligations	146,381	24,921	20,924	86,080	12,701	1,755
U.S. Treasury Obligations	250,178	5,739	18,937	168,193	35,710	21,599
Total Debt Securities	**1,104,928**	**$ 370,354**	**$ 104,156**	**$ 396,117**	**$ 101,597**	**$ 132,704**
Equity Mutual Funds						
Domestic	69,799					
International	4,679					
Equity Securities						
Domestic	2,597					
International	259					
Exchange Traded Funds	11,729					
Commodity Funds	3,241					
Hedge Funds	133					
Other Investments	480					
Total Investments	**$ 1,197,845**					

* Maturity Period is weighted average maturity.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holder of the investment. The credit risk tables presented on the following pages have been prepared using Standard and Poor's Corporation ratings scales.

Primary Government

OST utilizes a counterparty risk assessment model to assess credit risk of financial institutions that have been approved to serve as counterparties and major depositories. OST has assigned credit limits to each financial institution based upon its counterparty risk assessment model which incorporates market indicators, default probabilities, issuer research and issuer ratings to determine maximum credit exposure per institution, term of investment for respective counterparties and collateralization requirements in accordance with the OST Investment Policy.

The University System of Georgia's policy for managing credit risk is contained in the investment policy guidelines for the various pooled investment funds:

1) In the Short-Term Fund and Legal Fund, all debt issues must be eligible investments under OCGA § 50-17-59 and § 50-17-63. Other investment portfolios of debt securities funds also must meet the eligible investment criteria under the same code section.

2) In the Balanced Income Fund, Total Return Fund, and Diversified Fund, total fixed income portfolios should have an average credit quality rating of at least A. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

3) In the Diversified Fund for Foundations, fixed income investments include investment grade and high yield domestic bonds, dollar-and non-dollar denominated global bonds, and emerging market bonds. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1 or other high quality short-term debt instruments rated at least AA+.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The exposure of the primary government's debt securities to credit risk is indicated below (amounts in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	Not Rated
Asset-Backed Securities							
Domestic	$ 1	$ —	$ —	$ —	$ —	$ —	$ 1
Corporate Debt							
Domestic	292,176	8,196	34,095	249,163	628	—	94
International	5	—	—	—	—	—	5
Money Market Mutual Funds	1,648,589	933,022	62,252	—	—	—	653,315
Mortgage-Backed Securities	8						8
Municipal Bonds	917	70	553	230	54	—	10
Mutual Funds - Debt	73,601	475	75	—	—	18	73,033
Repurchase Agreements	2,965,000	—	—	—	—	—	2,965,000
U.S. Agency Obligations	1,636,751	459,985	1,176,766	—	—	—	—
Total Credit Risk-Investments	**6,617,048**	**$ 1,401,748**	**$ 1,273,741**	**$ 249,393**	**$ 682**	**$ 18**	**$ 3,691,466**
Bank Deposit Held for Investment Purposes	(620,807)						
U.S. Agency Obligations Explicitly Guaranteed	243,367						
U.S. Treasury Obligations	1,174,161						
Total Debt Securities	**$ 7,413,769**						

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law as previously described. The Boards of individual funds may elect to implement more restrictive policies. The pension and other employee benefit trust funds' debt securities exposure to credit risk is indicated below (amounts in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	B	CCC	CC	Not Rated
Asset-backed Securities										
Domestic	$ 26,252	$ 13,948	$ 1,943	$ 2,832	$ 2,035	$ 29	$ 33	$ 153	$ 99	$ 5,180
Corporate Debt										
Domestic	8,444,199	1,220,145	4,087,957	2,956,477	155,396	1,902	—	—	—	22,322
International	467,163	—	458,197	1,414	7,296	256	—	—	—	—
Guaranteed Investment Contracts	234	—	—	—	—	—	—	—	—	234
International Government Obligations	192	—	—	—	—	—	—	—	—	192
Money Market Mutual Funds	87,872	2,864	—	—	—	—	—	—	—	85,008
Mortgage-backed Securities	94,583	17,397	1,870	1,025	448	7	—	—	74	73,762
Municipal Bonds	5,296	916	213	3,708	459	—	—	—	—	—
Mutual Funds - Debt	29,587	—	—	—	—	—	—	—	—	29,587
U.S. Agency Obligations	135,875	290	792	55	1,069	—	—	—	—	133,669
Total Credit Risk - Investments	**9,291,253**	**$1,255,560**	**$4,550,972**	**$2,965,511**	**$166,703**	**$2,194**	**$ 33**	**$ 153**	**$ 173**	**$349,954**
Commingled Funds	20,921									
U.S. Agency Obligations										
Explicitly Guaranteed	3,007									
U.S. Treasury Obligations	20,922,149									
Total Debt Securities	**$30,237,330**									

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. The exposure of the component units' debt securities to credit risk is indicated below (amounts in thousands):

	Total Fair Value	AAA	AA	A	BBB	BB	CCC	Not Rated
Asset-Backed Securities								
Domestic	$ 10	$ 10	$ —	$ —	$ —	$ —	$ —	$ —
Certificate of Deposits	3,772	—	—	—	—	—	—	3,772
Corporate Debt								
Domestic	67,681	1,097	25,749	29,803	10,119	228	30	655
International	289	—	—	—	—	—	—	289
Insurance Contracts	22,945	22,945	—	—	—	—	—	—
International Government								
Obligations	995	—	—	687	185	123	—	—
General Obligation Bonds	297	297	—	—	—	—	—	—
Global Credit Opportunities II Fund	10,722	—	—	—	—	—	—	10,722
Investment Agreements	11,829	5,268	—	—	6,561	—	—	—
Money Market Mutual Funds	219,443	215,401	—	—	—	—	—	4,042
Mortgage-Backed Securities	87,855	8,466	79,013	150	—	—	—	226
Municipal Bonds	302	90	104	108	—	—	—	—
Mutual Funds - Debt	97,142	—	—	9,224	10,818	—	—	77,100
Non-purpose investments	46,003	—	—	—	—	—	—	46,003
Repurchase Agreements	70,961	5,765	—	—	—	—	—	65,196
Strategic Income								
Opportunities Funds	63,307	—	—	—	—	—	—	63,307
U.S. Agency Obligations	146,382	29,391	110,320	—	—	—	—	6,671
Total Credit Risk - Investments	**849,935**	**$ 288,730**	**$ 215,186**	**$ 39,972**	**$ 27,683**	**$ 351**	**$ 30**	**$ 277,983**
U.S. Treasury Obligations	250,179							
U.S. Agency Obligations								
Explicitly Guaranteed	4,814							
Total Debt Securities	**$ 1,104,928**							

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of a counterparty to a transaction, the value of the investment or collateral securities in possession of a third party custodian may not be fully recovered by the State.

Primary Government

OST's policy for managing custodial credit risk for investments is:

1) OST has appointed a federally regulated banking institution, State Street, as its custodian. State Street performs its duties to the standards of a professional custodian.
2) All securities transactions are settled on a delivery versus payment basis through an approved depository institution such as the Federal Reserve or the Depository Trust Company.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

3) Repurchase agreements are collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government or other securities authorized by the Treasurer in subsection (b) of Code Section 50-17-63 in accordance with the State Depository Board policy.
4) OST has retained an independent firm to serve as its liquidation agent in the event of a counterparty default.

The University System of Georgia's policy for managing custodial credit risk for investment is:

1) The University System has appointed a federally regulated banking institution as custodian. The custodian performs its duties to the standards of a professional custodian and is liable to the University System of Georgia for claims, losses, liabilities and expenses arising from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.
2) All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve.
3) Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

   At June 30, 2023, $7.7 million was uninsured and held by the investment's counterparty's trust department or agent, but not in the USG's name.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The custodial credit risk of pension and other employee benefit trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above. At June 30, 2023, $0.5 million of the pension and other employee benefit trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority.

<u>Concentration of Credit Risk</u>

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

Primary Government

To manage concentration risk, the OST Investment Policy requires diversification of investments to reduce overall portfolio risks while maintaining market rates of return. Investments in each portfolio shall be diversified to mitigate risk of loss from an over-concentration in a specific issuer, counterparty or depository. The State Treasurer establishes Investment Guidelines for each investment portfolio to assure that prudent diversification and adequate liquidity is maintained. OST utilizes a counterparty risk assessment model to determine maximum exposure to each approved financial institution.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

The University System's policy for managing concentration requires diversification of investments to reduce overall portfolio risk while maintaining market rates of return.

At June 30, 2023, for the USG business-type activity investments, approximately 9.35%, 8.39%, and 6.03% of investments were investments in Federal Home Loan Bank, Federal National Mortgage Assoc. notes and pools, and Federal Home Loan Mortgage Corporation Pool, respectively.

At June 30, 2023, approximately 19.68% of the primary government's total investments were investments in securities of U.S. agencies not explicitly guaranteed by the U.S. Government. Approximately 19.82% of the primary government's total investments were invested in Money Market Mutual Funds.

Fiduciary Funds – Pension, Other Employee Benefit Trust Funds and Custodial Funds

The concentration of credit risk policy of pension limits investments to no more than 5% of total net investments in any one issuer of corporate bonds. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. At June 30, 2023, with the exception of the USG items listed below, no more than 5% of the pension's total investments were investments in any single issuer other than the U.S. Government or its agencies.

At June 30, 2023, approximately 8.40%, 7.53% and 5.47% of Board of Regents pooled investments were investments Federal Home Loan Bank, Federal National Mortgage Assoc. notes and pools, and Federal Home Loan Mortgage Corporation Pool, respectively.

Approximately 5.26% of the Deferred Compensation Fiduciary Fund investments were invested in TIAA Traditional Non Ben Respons, respectively.

Approximately 16.66% and 12.97% of Early Retirement Pension Plan Fiduciary Fund investments were invested in Invesco S&P Equal Weight ETF and Vanguard Total Stock Market ETF, respectively.

Information related to Other Postemployment Benefit trust funds (OPEB) disclosures is included in the LGIP Trust Fund Financial Statement report issued by OST. For concentration of credit risk, refer to the report published on OST's website ost.georgia.gov. For the remaining funds invested by ERS, concentration of credit risk policy of OPEB limits investments to no more than 5% of total net investments in any one issuer of corporate bonds.

Component Units

The component units follow the applicable investing criteria specifically authorized by statute or by the component unit's governing authority. At June 30, 2023, no more than 5% of the component units total investments were investments in any single issuer other than the U.S. Government or its agencies.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

C. *Fair Value Measurements*

In accordance with GASB Statement No. 72 (GASB 72), some investments are measured using inputs divided into three fair value hierarchies:

- Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets that a government can access at the measurement date.

- Level 2: Inputs, other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

- Level 3: Unobservable inputs for an asset or liability.

Fixed-income securities use price evaluations; other investments are exempt from GASB 72's disclosure requirement because they are not reported at fair value, but instead valued using cost based measures.

In general, investments were valued using the following techniques:

- Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Equity securities classified in Level 2 are valued using prices quoted for similar instruments in active markets. Equity securities classified in Level 3 are valued using third party valuations not currently observable in the market.

- Debt securities classified in Level 1 are valued using prices quoted in active market. Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These securities have non-proprietary information that are readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Debt securities classified in Level 3 are not currently observable in the market.

- Mutual funds and commingled funds classified in Level 1 are valued using prices quoted in active markets for those investments types. Mutual funds and commingled funds classified in Level 2 are valued using prices quoted for similar instruments in active markets.

- Investments classified in Level 3 include real estate funds that invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the University System of Georgia's (USG) ownership interest in partners' capital. Real estate investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Distributions from real estate investment funds will be received as the underlying investments of a fund are liquidated. Guaranteed investment contracts are valued by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit worthiness of the issuer.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Primary Government

The following table provides information about the primary government's investments in regards to GASB 72 (amounts in thousands):

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities					
Domestic	$ 1	$ 1	$ —	$ —	$ —
Corporate Debt					
Domestic	292,175	94	292,081	—	—
International	5	5	—	—	—
Equity Mutual Fund					
Domestic	137,254	137,254	—	—	—
International	1,035	1,035	—	—	—
Equity Securities					
Domestic	138,068	138,068	—	—	—
International	580	193	387	—	—
Money Market Mutual Funds	1,648,589	1,648,589	—	—	—
Municipal Bonds	917	917	—	—	—
Mutual Funds - Debt	73,601	73,601	—	—	—
Mortgage Backed Securities	8	8	—	—	—
Real Estate Held for Investment Purposes	6,349	—	—	—	6,349
Real Estate Investment Trusts	556	—	—	—	556
US Agencies Obligations-Explicitly Guaranteed	243,367	—	243,367	—	—
US Agencies Obligations	1,636,750	2,573	1,634,177	—	—
U.S. Treasury Obligations	1,174,161	1,170,636	3,525	—	—
Other	15	15	—	—	—
	5,353,431	**$ 3,172,989**	**$ 2,173,537**	**$ —**	**$ 6,905**
Reconciling Items:					
Bank Deposits Held for Investment Purposes	(620,807)				
Pooled Investments	75,237				
Repurchase Agreements	2,965,000				
Total Investments	**$ 7,772,861**				

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Fiduciary Funds

The following table provides information about the fiduciary investments in regards to GASB 72 (amounts in thousands):

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities					
Domestic	$ 26,251	$ —	$ 26,251	$ —	$ —
Commingled Funds	2,560,441	94,254	2,466,187	—	—
Commingled Funds - Equity	290,872	290,872	—	—	—
Corporate Debt					
Domestic	8,444,198	—	8,444,198	—	—
International	467,163	—	467,163	—	—
Equity Securities					
Domestic	66,179,311	66,179,311	—	—	—
International	18,278,618	17,997,119	281,499	—	—
Exchange Traded Funds - Equity	25,633	25,633	—	—	—
Exchange traded funds - International	2,736	2,736	—	—	—
Guaranteed Investment Contracts	234	—	—	234	—
International Government Obligations	192	—	192	—	—
Money Market Mutual Funds	87,872	8,485	79,387	—	—
Mortgage Backed Securities	94,583	—	94,583	—	—
Municipal bonds	5,295	—	5,295	—	—
Mutual Funds-Debt	29,587	29,587	—	—	—
Mutual Fund Equities					
Domestic	96,825	96,825	—	—	—
International	16,443	16,443	—	—	—
Private Equities	1,276,652	—	—	—	1,276,652
Real Estate Investment Trusts	14,738	14,738	—	—	—
U.S. Agencies Obligations Explicitly Guaranteed	3,007	—	3,007	—	—
U.S. Agency Obligations	135,874	—	135,874	—	—
U.S. Treasury Obligations	20,922,149	20,789,648	132,501	—	—
Other	216	216	—	—	—
	118,958,890	**$ 105,545,867**	**$ 12,136,137**	**$ 234**	**$ 1,276,652**
Reconciling Items:					
Pooled Investments	213,288				
Total Investments	**$ 119,172,178**				

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Component Units

The following table provides information about the component unit investments in regards to GASB 72 (amounts in thousands):

Investments by fair value levels	Total	Level 1	Level 2	Level 3	Net Asset Value
Asset-backed Securities					
Domestic	$ 10	$ —	$ 10	$ —	$ —
Bond Securities	234,396	209,189	21,122	—	4,085
Cash Surrender Value	7,998	7,998	—	—	—
Certain split-interest investments	2,087	—	—	2,087	—
Certificate of Deposits	3,772	3,772	—	—	—
Commodity funds	8,689	3,241	5,448	—	—
Corporate Debt					
Domestic	95,413	57,630	37,128	—	655
International	289	—	—	—	289
Equity Securities					
Domestic	365,837	359,974	—	—	5,863
International	367,921	364,213	—	—	3,708
Exchange Traded Funds-Equity	11,729	11,729	—	—	—
General Obligation Funds	297	297	—	—	—
Global Credit Opportunities II Fund	10,722	—	—	10,722	—
Hedge funds	838,963	—	—	—	838,963
Hedge fund limited partnerships	328,668	—	—	—	328,668
Insurance Contracts	22,945	—	—	—	22,945
International Government Obligations	995	995	—	—	—
Investment Agreements	11,830	—	—	11,830	—
Money Market Mutual Funds	677,273	660,829	107	—	16,337
Municipal Obligations	378	—	378	—	—
Mutual Bond Funds	310,332	246,679	39,849	10,764	13,040
Mutual Fund Equities					
Domestic	395,425	387,665	604	—	7,156
International	355,682	264,176	—	—	91,506
Mortgage Backed Securities	87,854	87,854	—	—	—
Natural Resources	141,820	—	—	4,947	136,873
Non Purpose Investments	46,003	—	46,003	—	—
Private Equities	1,012,234	—	—	—	1,012,234
Private Equity limited partnerships	306,171	—	—	—	306,171
Real asset limited partnerships	50,182	—	—	—	50,182
Real Estate Held for Investment Purposes	190,115	33,968	—	85,447	70,700
Real Estate Investment Trusts	51,741	48,202	—	—	3,539
Strategic Income Opportunity fund	63,308	55,379	—	7,929	—
US Agencies Obligations-Explicitly Guaranteed	13,005	978	12,027	—	—
US Agencies Obligations	157,938	138,940	18,998	—	—
U.S. Treasury Obligations	337,199	156,343	180,856	—	—
Venture capital-equity funds	20,061	—	—	—	20,061
Other Pooled/Managed funds	24	—	—	—	24
Other	552	263	220	39	30
	6,529,858	**$ 3,100,314**	**$ 362,750**	**$ 133,765**	**$ 2,933,029**
Repurchase Agreements	72,156				
Total Investments	**$ 6,602,014**				

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

The State's currency risk exposures, or exchange rate risks, primarily reside within the retirement system's international equity investment holdings. The retirement systems' foreign exchange risk management policy is to minimize risk and protect the investments from negative impact by hedging foreign currency exposures with foreign exchange instruments when market conditions and circumstances are deemed appropriate.

As of June 30, 2023, the State's exposure to foreign currency risk in U.S. Dollars are highlighted in the tables below (amounts in thousands):

(Table on next page)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

International Investment Securities at Fair Value as of June 30, 2023

	Employees' Retirement System of Georgia				Teachers Retirement System of Georgia			
Currency	Cash & Cash Equivalents	Equities	Fixed Income	Total	Cash & Cash Equivalents	Equities	Fixed Income	Total
Australian Dollar	$ —	$ 49,469	$ —	$ 49,469	$ —	$ 245,091	$ —	$ 245,091
Brazilian Real	—	18,409	—	18,409	—	97,777	—	97,777
British Pound	—	101,190	—	101,190	—	511,372	—	511,372
Canadian Dollar	—	51,048	—	51,048	—	250,850	—	250,850
Chilean Peso	—	2,701	—	2,701	—	14,551	—	14,551
Columbian Peso	—	800	—	800	—	4,226	—	4,226
Czech Koruna	—	2,222	—	2,222	—	11,609	—	11,609
Danish Krone	—	70,060	—	70,060	—	354,479	—	354,479
Euro	—	397,019	—	397,019	—	1,992,303	—	1,992,303
Hong Kong Dollar	—	171,220	—	171,220	—	898,253	—	898,253
Hungarian Forint	—	1,647	—	1,647	—	8,891	—	8,891
Indian Rupee	28	75,978	—	76,006	144	399,955	—	400,099
Indonesian Rupiah	—	6,188	—	6,188	—	32,716	—	32,716
Israeli Shekel	—	3,914	—	3,914	—	18,734	—	18,734
Japanese Yen	—	198,500	—	198,500	—	994,793	—	994,793
Malaysian Ringgit	—	8,495	—	8,495	—	45,088	—	45,088
Mexican Peso	—	7,166	—	7,166	—	37,699	—	37,699
New Zealand Dollar	—	1,403	—	1,403	—	6,775	—	6,775
Norwegian Krone	—	3,317	—	3,317	—	16,074	—	16,074
Philippine Peso	4	3,357	—	3,361	24	17,695	—	17,719
Polish Zloty	—	4,719	—	4,719	—	25,046	—	25,046
Qatari Riyal	—	3,373	—	3,373	—	17,951	—	17,951
Singapore Dollar	—	18,235	—	18,235	—	92,297	—	92,297
South African Rand	—	12,679	—	12,679	—	67,363	—	67,363
South Korean Won	—	71,441	—	71,441	—	376,960	—	376,960
Swedish Krona	—	67,040	—	67,040	—	334,970	—	334,970
Swiss Franc	—	51,767	—	51,767	—	257,005	—	257,005
Taiwan Dollar	—	42,607	—	42,607	—	226,214	—	226,214
Thailand Baht	—	11,640	—	11,640	—	61,845	—	61,845
UAE Dirham	—	9,414	—	9,414	—	50,187	—	50,187
Total Holdings subject to Foreign Currency Risk	32	1,467,018	—	1,467,050	168	7,468,769	—	7,468,937
Investment Securities payable in U.S. Dollars	—	1,481,996	91,639	1,573,635	—	7,551,656	366,558	7,918,214
Total International Investment Securities - at Fair Value	**$ 32**	**$ 2,949,014**	**$ 91,639**	**$ 3,040,685**	**$ 168**	**$ 15,020,425**	**$ 366,558**	**$ 15,387,151**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Other Pension and Employee Benefit Trust Funds

Currency	Cash & Cash Equivalents	Equities	Fixed Income	Total
Australian Dollar	$ 3	$ 2,619,137	$ —	$ 2,619,140
Brazilian Dollar	—	589,766	—	589,766
British Pound	83,627	18,985,938	—	19,069,565
Canadian Dollar	22,778	4,029,645	—	4,052,423
Euro	27,677	3,746,801	—	3,774,478
Japanese Yen	2,229	—	—	2,229
Mexican Peso	1	—	—	1
Norwegian Krone	—	1,504,253	—	1,504,253
Swedish Krona	—	818,710	—	818,710
Swiss Franc	2	—	—	2
Total Holdings subject to Foreign Currency Risk	136,317	32,294,250	—	32,430,567
Investment Securities payable in U.S. Dollars	—	8,763,018	2,121,054	10,884,072
Total International Investment Securities - at Fair Value	**$ 136,317**	**$ 41,057,268**	**$ 2,121,054**	**$ 43,314,639**

D. Pooled Investments with State Treasury

As of the end of the year, the state operates three local government investment offerings managed by OST and is comprised of Georgia Fund 1, Georgia Fund 1 Plus and Georgia Extended Asset Pool Plus (GEAP Plus). GEAP Plus was established on July 1, 2018 as an investment for the OPEB Trust Fund and is comprised of 11 TMPs managed by a subadvisor overseen by OST. The pools invest funds of the State and funds of other governmental entities. The local government investment pools jointly maintain a reserve consisting of members' administrative fees. This reserve can be used to stabilize the investment pools and to fund the administrative expenses for managing the pools. Separate reports on the State's investment pools are issued. Refer to the OST website ost.georgia.gov for additional information on the Georgia Fund 1, Georgia Fund 1 Plus and GEAP Plus pools.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

E. Securities Lending Program

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

Fiduciary Funds – Pension and Other Employee Benefit Trust Funds

In the pension and other employee benefit trust funds' securities lending agreements, the brokerage firms pledge collateral securities consisting of U.S. Government and agency securities, mortgage-backed securities issued by a U.S. Government agency, and U.S. corporate bonds. The collateral value must be equal to at least 102% to 109% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled $12.5 billion at June 30, 2023, and the collateral value was equal to 103.0%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Position because the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Fiduciary Net Position, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities. In accordance with the criteria set forth in GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, the State is deemed not to have the ability to pledge or sell collateral securities, since the State's lending contracts do not address whether the lender can pledge or sell the collateral securities without a borrower default. The State has not previously demonstrated that ability, and there are no indications of the State's ability to pledge or sell collateral securities.

F. Other Investments

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2023, the Department held surety bonds in the amount of $51.6 million, and cash bonds in the amount of $17.3 million. These bonds are not recorded on the Statement of Net Position.

Securities are held by the Commissioner of Insurance pursuant to statutes that require licensed insurance companies to deposit securities prior to issuance of a certificate of authority to transact insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitation, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2023, securities valued at $185.2 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of $7.3 billion for construction performance to ensure proper completion and complete performance of construction contracts, and $8.0 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Statement of Net Position.

The Georgia State Financing and Investment Commission (GSFIC) State Construction Manual policies require that surety bonds be provided for payment and performance of all State projects of $0.1 million or more. The Department of Corrections holds surety bonds in the amount of $79.3 million for construction performance to ensure proper completion and complete performance of construction contracts. These bonds are not recorded on the Statement of Net Position.

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as custodial funds. At June 30, 2023, the Department held surety bonds in the amount of $48.6 million, and cash bonds in the amount of $3.4 million. These bonds are not recorded on the Statement of Net Position.

Department of Defense Surety Bonds are required of all freight carriers in order to transport military freight. They are mandated by a wing of the military called the Surface Deployment and Distribution Command (SDDC). The bond amount is based on the size of the company and how many states they serve. Department of Defense holds surety bonds in the amount of $50.4 million for freight carriers transporting military freight.

NOTE 6 - DERIVATIVE INSTRUMENTS

Derivative Instruments are utilized by some of the higher education foundations (reported as component units) and consist primarily of interest rate swap agreements. Certain foundations (component units) have elected to apply FASB provisions and therefore the disclosure information for these foundations is presented separately. Details of the long term liabilities associated with the interest rate swap derivatives are within *Note 10 – Long-term Liabilities*.

Component Units – GASB Organizations

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2023 and 2022 financial statements for higher education foundations reported as component units reporting under GASB provisions are as follows (amounts in thousands):

	Change in Fair Value		Fair Value at 06/30/23		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Component unit activities - GASB					
Cash flow hedges:					
AU Health Systems, Inc.					
2021A - Interest Rate Swap	Investment Revenue	$ 10,337	Debt	$ —	$ —
University of Georgia Athletic Association, Inc.					
2005B - Interest Rate Swap	Deferred outflow of resources	1,767	Debt	—	—
				$ —	

	Change in Fair Value		Fair Value at 06/30/22		
	Classification	**Amount**	**Classification**	**Amount**	**Notional**
Component unit activities - GASB					
Cash flow hedges:					
AU Health Systems, Inc.					
2021A - Interest Rate Swap	Investment Revenue	$ 10,268	Debt	$ (10,337)	$ 92,900
University of Georgia Athletic Association, Inc.					
2005B - Interest Rate Swap	Deferred outflow of resources	1,948	Debt	(1,767)	17,850
				$ (12,104)	

Interest Rate Swap Derivatives

<u>*AU Health Systems, Inc.*</u>

AU Health Systems, Inc. (The Health System) entered into a variable-to-fixed interest rate swap (the Swap) to convert the Health System's variable interest rate concurrent with the 2008 bond issuance to a synthetic fixed rate of 3.302%. The swap continued to be in effect with the 2014 bond issuance and the 2021A bond issuance. In September 2021 the Health System novated the swap with a new counterparty and the fixed rate was adjusted to 3.362%. In September 2022, the swap was terminated.

The Swap matures on July 1, 2037. The notional amount of the Swap at June 30, 2022 was $92.9 million. The notional amount decreased from the initial notional amount of $135.0 million. The notional value of the Swap declined in conjunction with payments of bond principal although the amortization schedule of the notional value was not realigned with the nominal principal payment schedule of the 2021A Bonds. The principal balance on the

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

bonds will approximate the notional amount of the Swap. Under the Swap, the Health System pays the counterparty interest at a fixed rate of 3.362% and received interest payments at a variable rate computed as 68% of London Interbank Offered Rate (LIBOR).

The fair value of the Swap is recorded as an asset or liability, depending on whether the termination of the Swap would result in amounts due to the Health System or the Swap counterparty. At June 30, 2022, the fair value of the Swap represented a liability to the Health System in the amount of $10.3 million. The Health System or the Swap counterparty is required to post collateral with the other party in the event that the fair value of the Swap exceeds certain thresholds, as defined. At June 30, 2022, the Health System had $10.3 million posted cash and investment collateral with the Swap counterparty, respectively, which is included in other assets in the accompanying statements of net position.

For fiscal year June 30, 2022, the Health System was exposed to credit risk in the amount of the fair value of the Swap. In fiscal year 2022, the Health System had one counterparty, and the Swap counterparty was rated AA by Fitch, Aa2 by Moody's and A+ by Standard & Poor's. To mitigate the potential for credit risk, various levels of collateralization by the counterparty may be required should the counterparty’s credit rating be downgraded and the fair value of the Swap be in a liability position at a level above certain thresholds specified in the Swap agreement.

The Health System or the counterparty could terminate the Swap if the other party failed to perform under the terms of the agreement. The counterparty had the option to terminate the Swap if the Health System credit rating is below BB+ or Ba1.

On September 30, 2022, the Swap was terminated due to a credit rating downgrade. The collateral balance of $7.0 million was retained by the swap counterparty for the Swap’s negative fair value. With the termination of the swap, the variable rate bonds no longer carry a synthetic fixed interest rate. The Health System has no asset or liability recorded for the fiscal year ending June 30, 2023.

University of Georgia Athletic Association, Inc. (UGAA)

There were no hedging derivative instruments outstanding at June 30, 2023.

For derivative transactions, unless otherwise specified, Bank of America Merrill Lynch (“BOAML”) furnishes a single value for each transaction, even if comprised of multiple legs. Unless otherwise specified, valuations for derivative instruments represent, or are derived from, mid-market values. For some derivative instruments,mid-market prices and inputs may not be observable. Instead, valuations may be derived from proprietary or other pricing models based on certain assumptions regarding past, present, and future market conditions. Some inputs may be theoretical, not empirical, and require BOAML to make subjective assumptions and judgments in light of its experience. For example, in valuing OTC equity options where there is no listed option with a corresponding expiration date, BOAML must estimate the future share price volatility based on realized volatility of the underlying shares over periods deemed relevant, implied volatilities of the longest dated listed options available on the underlying shares or major indices and other relevant factors. Valuations of securities with embedded derivatives may be based on assumptions as to the volatility of the underlying security, basket or index, interest rates,exchange rates, dividend yields, correlations between these or other factors, the impact of these factors upon the value of the security (including the embedded options), as well as issuer funding rates and credit spreads (actual or approximated) or additional relevant factors. While BOAML believes the methodology and data it uses to value derivatives and securities with embedded derivatives are reasonable and appropriate, other dealers might use different methodology or data and may arrive at different valuations.

Objective and Terms– As a means of interest rate management, the Association entered into an interest rate swap transactions with Bank of America, N.A. (the “Counterparty”) relating to its variable rate tax-exempt Series 2005B

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

Bonds. Pursuant to an ISDA Master Agreement and Schedule to ISDA Master Agreement, each dated as of January 27, 2005, between the Association and the Counterparty and the Confirmation, the Association has agreed to pay to the Counterparty a fixed rate of interest in an amount equal to 3.48% per annum multiplied by the notional amount that is equal to the principal amount of the Series 2005B Bonds until August 2033. In return, the Counterparty agreed to pay to the Association a floating rate of interest in an amount equal to 67% of SOFR multiplied by the notional amount that is equal to the principal amount of the Series 2005BBonds until July 2035. The agreement was terminated in June 2023.

Fair Value– The Association will be exposed to variable rates if the Counterparty to a swap defaults or if a swap is terminated. A termination of the swap agreement may also result in the Association's making or receiving a termination payment.

As of June 30, 2022, the fair value of the interest rate swap agreements was $1.8 million, indicating the amount the Association would be required to pay the Counterparty to terminate the swap agreements.

Credit Risk - As of June 30, 2022, the fair value of the swaps represent the Association's exposure to Counterparty. Should the Counterparty fail to perform in accordance with the terms of the swap agreement and variable interest rates remain at the current level, the Association could see a possible gain equivalent to $0.86 million less the cumulative fair value of $1.8 million.

As of June 30, 2022 the Counterparty was rated as follows by Moody's and S&P:

	Moody's	S&P
Bank of America, N.A.	Aa2	A+

Basis Risk - The swap exposes the Association to basis risk. The interest rate on the Series 2005B Bonds is a tax-exempt interest rate, while the SOFR basis on the variable rate receipt on the interest rate swap agreements is taxable. Tax-exempt interest rates can change without a corresponding change in the 30-day SOFR rate due to factors affecting the tax-exempt market that do not have a similar effect on the taxable market. The Association will be exposed to basis risk under the swaps to the extent the interest rates on the tax-exempt bonds trade at greater than 67% of SOFR for extended periods of time. The Association would also be exposed to tax risk stemming from changes in the marginal income tax rates or those caused by a reduction or elimination in the benefits of tax exemption for municipal bonds.

Termination Risk - The interest rate swap agreement uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Association or the Counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable rate bonds would no longer carry a synthetically fixed interest rate. Also, if at the time of termination, the swap has a negative fair value, then the Association would be liable to the Counterparty for a payment equal to the swap's fair value.

Component Units – FASB Organizations Interest Rate Swaps

The fair value balances and notional amounts of hedging derivative investments outstanding as reported in the fiscal year 2023 and 2022 financial statements for higher education foundations reported as component units reporting under FASB provisions are as follows (amounts in thousands):

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

	Change in Fair Value		Fair Value at 06/30/23		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
The University of Georgia Foundation	Investment Revenue	$ 329	Debt	$ (474)	$ 3,626
	Investment Revenue	481	Debt	435	9,315
				$ (39)	

	Change in Fair Value		Fair Value at 06/30/22		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Cash flow hedges:					
The University of Georgia Foundation	Investment Revenue	$ 734	Debt	$ (804)	$ 3,780
	Investment Revenue	1,133	Debt	(46)	9,735
				$ (850)	

The University of Georgia Foundation (UGAF)

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $6.2 million note payable from variable to a 5.95% fixed rate over the term of the note payable. During November 2017, the Foundation modified and extended the agreement which included a fixed rate fee payment of $0.3 million. As of June 30, 2023 and 2022, the total notional amount of the swap was $3.6 and $3.8 million, respectively. As of June 30, 2023 and 2022, the fair value of this interest rate swap was a liability of $0.5 and $0.8 million, respectively. The Foundation recorded a related unrealized gain of $0.3 million and $0.7 million for the years ended June 30, 2023 and 2022, respectively.

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the $12.5 million note payable from variable to a 3.37% fixed rate over the term of the note payable. As of June 30, 2023 and 2022, the total notional amount of the swap was $9.3 and $9.7 million, respectively. As of June 30, 2023 and 2022, the fair value of this interest rate swap was an asset of $0.4 million and a liability of $46.1 thousand, respectively. The Foundation recorded a related unrealized gain of $0.5 and $1.1 million for the years ended June 30, 2023 and 2022, respectively.

Component Unit - FASB Organizations Derivative Investments

	Change in Fair Value		Fair Value at 06/30/23		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Georgia Tech Foundation, Inc.	Investment Revenue	$ 30,421	Investment	$ 7,998	$ 205,217
	Investment Revenue	1,298	Investment	—	—
				$ 7,998	

NOTE 6 - DERIVATIVE INSTRUMENTS (continued)

	Change in Fair Value		Fair Value at 06/30/22		
	Classification	Amount	Classification	Amount	Notional
Component unit activities - FASB					
Georgia Tech Foundation, Inc.	Investment Revenue	$ 29,756	Investment	$ (22,423)	$ 106,032
	Investment Revenue	1,790	Investment	(1,298)	153,363
				$ (23,721)	

Amounts in the table are in thousands.

Georgia Tech Foundation, Inc.

The Foundation directly invests in derivatives associated with market risk. The purpose of these investment derivatives is to gain additional exposure to U.S. and foreign fixed income and equity markets.

Futures and forward contracts obligate the buyer to purchase an asset (and the seller to sell an asset), such as a physical commodity or financial instrument, at a premium price.

During 2023, the Foundation recognized net realized/unrealized gains and losses on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of $53.4 million and $(9.2) million, respectively. As of June 30, 2023, the Foundation held direct positions in derivatives as shown in the following table (amounts in thousands):

Investment	Fair Value at 06/30/23	Notional Exposure
Equity Index Futures	$ 7,998	$ 205,217
U.S. Treasury Futures	—	—
Total	**$ 7,998**	**$ 205,217**

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023, consisted of the following (amounts in thousands):

	Taxes	Notes and Loans Primary Government Component Unit	Notes and Loans External	Leases from Primary Government Component Unit	Leases from External
Governmental Activities					
General Fund	$ 5,634,046	$ —	$ —	$ —	$ 924,013
Nonmajor Governmental Funds	—	—	24,374	—	—
Total - Governmental Funds	5,634,046	—	24,374	—	924,013
Government-wide adjustments:					
Internal Service Funds	—	—	—	—	34,407
Total - Governmental Activities	**$ 5,634,046**	**$ —**	**$ 24,374**	**$ —**	**$ 958,420**
Business-type Activities					
Higher Education Fund	$ —	$ —	$ 22,439	$ 3,604	$ —
State Health Benefit Plan	—	—	—	—	—
Unemployment Compensation Fund	—	—	—	—	—
Georgia Higher Education Facilities Authority	—	—	—	—	—
State Road and Tollway Authority	—	—	—	—	—
Government-wide adjustments:					
Other	—	—	—	—	—
Total - Business-type Activities	**$ —**	**$ —**	**$ 22,439**	**$ 3,604**	**$ —**
Component Units					
Unrestricted:					
AU Health Systems, Inc.	$ —	$ 17,421	$ —	$ 4	$ —
Georgia Environmental Finance Authority	—	—	1,722,329	—	—
World Congress Center Authority	1,232	—	—	—	70,291
Georgia Housing and Finance Authority	—	—	1,945,700	—	—
Georgia Lottery Corporation	—	—	—	—	4,956
Georgia Ports Authority	—	—	—	—	153,532
Georgia Tech Foundation, Incorporated	—	79,811	1,310	—	—
Nonmajor Component Units	1,187	2,057,173	389,202	108,985	146,511
Total Unrestricted Goverment-wide	2,419	2,154,405	4,058,541	108,989	375,290
Restricted:					
Georgia Geo. L. Smith II World Congress Center Authority	—	—	—	—	—
Georgia Tech Foundation, Incorporated	—	—	—	—	—
Nonmajor Component Units	—	—	—	—	—
Total - Restricted	—	—	—	—	—
Total - Component Units (Government-wide)	**$ 2,419**	**$ 2,154,405**	**$ 4,058,541**	**$ 108,989**	**$ 375,290**

Other	Inter-governmental Receivables	Gross Receivables	Allowance for Uncollectibles	Total Receivables (Net)
$ 1,475,984	$ 2,994,561	$ 11,028,604	$ (2,328,938)	$ 8,699,666
396,256	24,173	444,803	—	444,803
1,872,240	3,018,734	11,473,407	(2,328,938)	9,144,469
134,424	352	169,183	(793)	168,390
$ 2,006,664	**$ 3,019,086**	**$ 11,642,590**	**$ (2,329,731)**	**$ 9,312,859**
$ 331,229	$ 182,526	$ 539,798	$ (53,178)	$ 486,620
134,636		134,636	(23,657)	110,979
430,569	494	431,063	(12,290)	418,773
294	—	294	—	294
1,077	18	1,095	—	1,095
61	—	61	—	61
$ 897,866	**$ 183,038**	**$ 1,106,947**	**$ (89,125)**	**$ 1,017,822**
$ 342,019	$ —	$ 359,444	$ (138,511)	$ 220,933
13,009	6,906	1,742,244	—	1,742,244
4,698	—	76,221	—	76,221
8,796	—	1,954,496	(9,236)	1,945,260
202,935	—	207,891	(1,494)	206,397
79,675	—	233,207	(6,174)	227,033
91,365	—	172,486	(58,089)	114,397
513,886	64,886	3,281,830	(54,812)	3,227,018
1,256,383	71,792	8,027,819	(268,316)	7,759,503
34,233	—	34,233	(2,597)	31,636
97,795	—	97,795	(2,016)	95,779
102,868	—	102,868	(2,876)	99,992
234,896	—	234,896	(7,489)	227,407
$ 1,491,279	**$ 71,792**	**$ 8,262,715**	**$ (275,805)**	**$ 7,986,910**

NOTE 8 - INTERFUND BALANCES AND TRANSFERS

A. Due To/From Other Funds

Due To/From Other Funds at June 30, 2023, consist of the following (amounts in thousands):

	Due From Other Funds					
	General Fund	Higher Education Funds	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Due To Other Funds
Due To Other Funds						
General Fund	$ —	$ —	$ —	$ 582,306	$ —	$ 582,306
General Obligation Bond Projects Fund	—	23,007	—	—	—	23,007
Nonmajor Governmental Funds	23,865	—	—	3	—	23,868
Higher Education Fund	—	—	—	258,127	—	258,127
Internal Service Funds	—	—	—	8	—	8
Fiduciary Funds	—	—	61	3	393	457
Total Due From Other Funds	**$ 23,865**	**$ 23,007**	**$ 61**	**$ 840,447**	**$ 393**	**$ 887,773**

Interfund receivables and payables result from billings for goods/services provided between funds.

NOTE 8 - INTERFUND BALANCES AND TRANSFERS (continued)

B. Interfund Transfers

Interfund transfers at June 30, 2023, consist of the following (amounts in thousands):

	Transfers In								
	Governmental Funds			Proprietary Funds					
	General Fund	General Obligation Bond Projects Fund	Nonmajor Governmental Funds	Higher Education Fund	State Health Benefits Plan	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total Transfers Out
Transfers Out:									
General Fund	$ —	$ 196,941	$ 1,621,852	$3,795,835	$ 50,000	$ 168	$ 80,331	$ 29,677	$5,774,804
General Obligation Bond Projects Fund	209,552	—	67,403	—	—	—	—	—	276,955
Nonmajor Governmental Funds	103,323	—	—	—	—	2,163	—	—	105,486
Higher Education Fund	7,272	206,548	—	—	—	—	—	—	213,820
Unemployment Compensation Fund	2,769	—	—	—	—	—	—	—	2,769
Internal Service Funds	4,901	—	—	540	—	—	—	—	5,441
Fiduciary Funds	—	—	—	—	—	—	6,612	—	6,612
Total Transfers In	**$327,817**	**$ 403,489**	**$ 1,689,255**	**$3,796,375**	**$ 50,000**	**$ 2,331**	**$ 86,943**	**$ 29,677**	**$6,385,887**

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE RIGHT-TO-USE ASSETS

A. Primary Government

Capital Asset activity for the fiscal year-ended June 30, 2023, was as follows (amounts in thousands):

	Balance 7/1/2022 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2023
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	$ 5,103,462	$ 297,867	$ (16,268)	$ 5,385,061
Works of Art and Collections	1,421	—	—	1,421
Intangibles - Other Than Software	137,577	5,805	—	143,382
Construction in Progress	4,533,421	3,085,516	(2,246,953)	5,371,984
Total Capital Assets, Not Being Depreciated	9,775,881	3,389,188	(2,263,221)	10,901,848
Capital Assets Being Depreciated:				
Infrastructure	36,360,284	1,126,592	—	37,486,876
Buildings and Building Improvements	4,503,622	309,208	(49,074)	4,763,756
Improvements Other Than Buildings	209,701	27,387	(2,200)	234,888
Intangibles - Other than Software	1,921	400	—	2,321
Machinery and Equipment	1,476,849	137,520	(38,735)	1,575,634
Software	660,916	24,771	—	685,687
Total Capital Assets Being Depreciated	43,213,293	1,625,878	(90,009)	44,749,162
Less Accumulated Depreciation For:				
Infrastructure	22,346,769	921,763	(1,944)	23,266,588
Buildings and Building Improvements	2,284,762	103,642	(37,099)	2,351,305
Improvements Other Than Buildings	76,836	6,459	(2,194)	81,101
Intangibles - Other Than Software	1,682	93	—	1,775
Machinery and Equipment	1,065,779	94,450	(29,915)	1,130,314
Software	426,696	39,699	—	466,395
Total Accumulated Depreciation	26,202,524	1,166,106	(71,152)	27,297,478
Total Capital Assets, Being Depreciated, Net	17,010,769	459,772	(18,857)	17,451,684
Capital Assets, Net	**$ 26,786,650**	**$ 3,848,960**	**$ (2,282,078)**	**$ 28,353,532**

NOTE 9 - CAPITAL ASSETS (continued)

Intangible Right-To-Use Assets (amounts in thousands):

	Balance 7/1/2022 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2023
Governmental Activities				
Right-to-use Assets Not Being Amortized:				
Software Development-In-Progress	$ —	$ 10,821	$ —	$ 10,821
Total Leased Assets Not Being Amortized	—	10,821	—	10,821
Right-to-use Assets Being Amortized:				
Land	182	42	(3)	221
Buildings and Building Improvements	807,839	130,481	(40,023)	898,297
Machinery and Equipment	206,269	308	(32,818)	173,759
Subscription Based IT Arrangements (SBITAs)	159,901	80,477	—	240,378
Total Leased Assets Being Amortized	1,174,191	211,308	(72,844)	1,312,655
Less Accumulated Amortization For:				
Land	—	245	(238)	7
Buildings and Building Improvements	103,615	89,931	(24,063)	169,483
Machinery and Equipment	36,363	26,789	(10,072)	53,080
Subscription Based IT Arrangements (SBITAs)	—	59,492	—	59,492
Total Accumulated Amortization	139,978	176,457	(34,373)	282,062
Total Intangible Assets, Being Amortized, Net	1,034,213	34,851	(38,471)	1,030,593
Intangible Right-to-use Assets, Net	**$ 1,034,213**	**$ 45,672**	**$ (38,471)**	**$ 1,041,414**
Total Governmental Activities Capital Assets and Intangible Right-to-use Assets, Net	**$ 27,820,863**	**$ 3,894,632**	**$ (2,320,549)**	**$ 29,394,946**

NOTE 9 - CAPITAL ASSETS (continued)

	Balance 7/1/2022 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2023
Business-type Activities				
Capital Assets Not Being Depreciated:				
Land	$ 513,582	$ 4,783	$ (22)	$ 518,343
Works of Art and Collections	58,857	1,019	(2)	59,874
Construction in Progress	228,844	399,506	(276,597)	351,753
Total Capital Assets, Not Being Depreciated	801,283	405,308	(276,621)	929,970
Capital Assets Being Depreciated:				
Infrastructure	422,402	16,727	—	439,129
Buildings and Building Improvements	15,523,792	494,951	(13,284)	16,005,459
Improvements Other Than Buildings	478,034	25,122	(1,300)	501,856
Machinery and Equipment	2,434,685	250,079	(91,737)	2,593,027
Software	192,101	706	(1,531)	191,276
Library Collections	1,054,020	32,697	(15,567)	1,071,150
Works of Art and Collections	7,104	726	(3,875)	3,955
Total Capital Assets Being Depreciated	20,112,138	821,008	(127,294)	20,805,852
Less Accumulated Depreciation For:				
Infrastructure	194,631	16,864	(2)	211,493
Buildings and Building Improvements	5,836,256	388,042	(7,716)	6,216,582
Improvements Other Than Buildings	237,955	18,501	(1,865)	254,591
Machinery and Equipment	1,841,385	156,832	(83,438)	1,914,779
Software	112,167	15,425	(1,531)	126,061
Library Collections	890,049	32,384	(10,306)	912,127
Works of Art and Collections	2,305	125	(1,267)	1,163
Total Accumulated Depreciation	9,114,748	628,173	(106,125)	9,636,796
Total Capital Assets, Being Depreciated, Net	10,997,390	192,835	(21,169)	11,169,056
Capital Assets, Net	**$ 11,798,673**	**$ 598,143**	**$ (297,790)**	**$ 12,099,026**

NOTE 9 - CAPITAL ASSETS (continued)

Intangible Right-To-Use Assets (amounts in thousands):

	Balance 7/1/2022 (Restated - Note 3)	Increases	Decreases	Balance 6/30/2023
Business-type Activities				
Right-to-use Assets Being Amortized:				
Land	$ 1,634	$ 1,014	$ (1)	$ 2,647
Infrastructure	231	6,355	—	6,586
Buildings and Building Improvements	554,470	38,739	(32,200)	561,009
Improvements Other Than Buildings	7,542	2,459	—	10,001
Machinery and Equipment	15,824	5,970	(1,877)	19,917
Subscription Based IT Arrangements (SBITAs)	57,823	70,010	—	127,833
Total Leased Assets Being Amortized:	637,524	124,547	(34,078)	727,993
Less Accumulated Amortization For:				
Land	290	245	—	535
Infrastructure	26	1,032	—	1,058
Buildings and Building Improvements	53,224	65,022	(4,999)	113,247
Improvements Other Than Buildings	6,054	7,255	(146)	13,163
Machinery and Equipment	5,977	4,904	(1,263)	9,618
Subscription Based IT Arrangements (SBITAs)	—	25,956	—	25,956
Total Accumulated Amortization	65,571	104,414	(6,408)	163,577
Total Intangible Assets, Being Amortized, Net	571,953	20,133	(27,670)	564,416
Intangible Right-to-use Assets, Net	**571,953**	**20,133**	**(27,670)**	**564,416**
Total Business-type Activities Capital Assets and Intangible Right-to-use Assets, Net	**$ 12,370,626**	**$ 618,276**	**$ (325,460)**	**$ 12,663,442**

NOTE 9 - CAPITAL ASSETS (continued)

Current period depreciation/amortization expense was charged to functions of the primary government as follows (amounts in thousands):

Governmental Activities		
General Government	$	77,907
Education		5,032
Health and Welfare		72,489
Transportation		958,273
Public Safety		94,404
Economic Development		31,216
Culture and Recreation		25,134
Conservation		6,190
Internal Service Funds		
(Depreciation on capital assets held by the State's internal service funds are charged to the various functions based on their usage of assets)		71,918
Depreciation/Amortization Expense - Governmental Activities	**$**	**1,342,563**

NOTE 9 - CAPITAL ASSETS (continued)

B. Component Units

Capital Asset activity for the fiscal year-ended June 30, 2023, was as follows (amounts in thousands):

	Balance July 1, 2022 (Restated - Note 3)	Increases	Decreases	Balance June 30, 2023
Component Units				
Capital Assets Not Being Depreciated:				
Land	$ 458,194	$ 6,746	$ (14,050)	$ 450,890
Works of Art and Collections	1,670	—	—	1,670
Construction in Progress	680,813	947,509	(166,026)	1,462,296
Total Capital Assets, Not Being Depreciated	1,140,677	954,255	(180,076)	1,914,856
Capital Assets Being Depreciated:				
Infrastructure	439,309	11,053	—	450,362
Buildings and Building Improvements	3,011,631	33,409	(4,271)	3,040,769
Improvements Other Than Buildings	1,021,705	40,357	(16,713)	1,045,349
Machinery and Equipment	1,356,996	59,297	(8,641)	1,407,652
Patents, Trademarks, and Copyrights	160	—	—	160
Software	106,906	8,032	—	114,938
Library Collections	4,953	80	—	5,033
Works of Art and Collections	71	—	—	71
Total Capital Assets Being Depreciated	5,941,731	152,228	(29,625)	6,064,334
Less Accumulated Depreciation For:				
Infrastructure	208,868	16,963	—	225,831
Buildings and Building Improvements	1,005,219	82,225	(3,706)	1,083,738
Improvements Other Than Buildings	516,943	44,328	(1,493)	559,778
Machinery and Equipment	804,724	64,348	(15,339)	853,733
Software	92,171	5,857	—	98,028
Library Collections	4,032	196	—	4,228
Works of Art and Collections	28	2	—	30
Total Accumulated Depreciation	2,631,985	213,919	(20,538)	2,825,366
Total Capital Assets, Being Depreciated, Net	3,309,746	(61,691)	(9,087)	3,238,968
Component Units Capital Assets, Net*	**4,450,423**	**892,564**	**(189,163)**	**5,153,824**

*Certain higher education foundations and other similar organizations utilize FASB standards.

NOTE 9 - CAPITAL ASSETS (continued)

As of June 30, 2023, the capital assets balances of FASB organizations are as follows (amounts in thousands):

Capital Assets Not Being Depreciated:		
Land	$	141,477
Works of Art and Collections		7,361
Construction in Progress		4,443
Total Capital Assets, Not Being Depreciated		153,281
Capital Assets Being Depreciated		
Infrastructure		5,867
Buildings and Building Improvements		286,642
Improvements Other Than Buildings		18,016
Machinery and Equipment		34,739
Software		3,357
Total Capital Assets Being Depreciated		348,621
Less: Accumulated Depreciation		161,376
Total Capital Assets, Being Depreciated, Net		187,245
Capital Assets, Net (FASB presentation)		340,526
Total Capital Assets, Net - All Component Units	**$**	**5,494,350**

NOTE 9 - CAPITAL ASSETS (continued)

Intangible Right-To-Use Assets (amounts in thousands):

	Balance July 1, 2022 (Restated - Note 3)	Increases	Decreases	Balance June 30, 2023
Component Units				
Right-to use Assets Being Amortized:				
Land	$ 563	$ 1,561	$ (377)	$ 1,747
Infrastructure	—	—	—	—
Buildings and Building Improvements	247,358	17,474	(2,866)	261,966
Improvements Other Than Buildings	—	—	—	—
Machinery and Equipment	50,261	3,942	(5,949)	48,254
Subscription Based IT Arrangements (SBITAs)	35,655	18,513	(550)	53,618
Total Leased Assets Being Amortized	333,837	41,490	(9,742)	365,585
Less Accumulated Amortization:				
Land	30	23	—	53
Buildings and Building Improvements	28,690	33,507	(401)	61,796
Machinery and Equipment	21,956	9,089	(96)	30,949
Subscription Based IT Arrangements (SBITAs)	—	11,570	(489)	11,081
Total Accumulated Amortization	50,676	54,189	(986)	103,879
Right-to-use Assets, Being Amortized, Net	283,161	(12,699)	(8,756)	261,706
Intangible Right-to-use Assets, Net*	**$ 283,161**	**$ (12,699)**	**$ (8,756)**	**$ 261,706**

NOTE 9 - CAPITAL ASSETS (continued)

Intangible Right-To-Use Assets (amounts in thousands):

Right-to use Assets Being Amortized:		
Land	$	1,552
Buildings and Building Improvements		117,797
Improvements Other Than Buildings		10,748
Machinery and Equipment		94
Total Leased Assets Being Amortized		130,191
Less: Accumulated Amortization		44,839
Total Right-to use Assets, Being Amortized, Net		85,352
Intangible Right-to-use Assets, Net (FASB presentation)		85,352
Intangible Right-to-use Assets, Net - All Component Units		**347,058**
Total Component Units Capital Assets and Intangible Right-to-use Assets, Net	**$**	**5,841,408**

NOTE 10 - LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2023, are as follows (amounts in thousands):

	Balance 7/1/2022 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2023	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds Payable	$ 9,794,165	$ 1,191,660	$ (1,448,215)	$ 9,537,610	$ 871,605
Revenue Bonds Payable	41,915	—	(22,650)	19,265	19,265
GARVEE Bonds Payable	452,655	—	(37,810)	414,845	39,715
Net Unamortized Premiums:					
General Obligation Bonds	1,153,498	89,702	(231,518)	1,011,682	—
Revenue Bonds	1,309	—	(952)	357	—
GARVEE Bonds	97,259	—	(16,792)	80,467	—
Total Bonds Payable	11,540,801	1,281,362	(1,757,937)	11,064,226	930,585
Notes and Loans Payable - Direct Borrowings	47,316	—	(3,427)	43,889	3,571
Lease Obligations	885,372	58,839	(80,312)	863,899	110,761
Subscription Obligations	156,822	80,477	(73,930)	163,369	63,127
Compensated Absences Payable	408,982	227,874	(242,223)	394,633	186,460
Arbitrage	—	7,455	—	7,455	—
Total Governmental Activities	**$ 13,039,293**	**$ 1,656,007**	**$ (2,157,829)**	**$ 12,537,471**	**$ 1,294,504**
Business-type Activities					
Revenue Bonds Payable	$ 537,830	$ —	$ (6,465)	$ 531,365	$ 6,785
Net Unamortized Premiums:					
Revenue Bonds	72,201	—	(4,155)	68,046	—
Total Bonds Payable	610,031	—	(10,620)	599,411	6,785
Notes and Loans Payable	2,457,936	103,141	(142,755)	2,418,322	119,234
Lease Obligations	515,218	52,481	(92,832)	474,867	62,741
Subscription Obligations	45,172	69,298	(29,570)	84,900	27,976
Compensated Absences Payable	319,617	243,731	(236,231)	327,117	201,329
Total Business-type Activities	**$ 3,947,974**	**$ 468,651**	**$ (512,008)**	**$ 3,904,617**	**$ 418,065**

Other long-term liabilities of Governmental Activities, such as pension, other post-employment benefits (OPEB) and compensated absences, are typically liquidated by the general fund.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above total for governmental activities. The following long-term liabilities of internal service funds were included in the above balance as of June 30, 2023: Lease obligations of $141.0 million, subscription obligations of $63.4 million, and compensated absences of $5.3 million. Of these amounts, $32.7 million, $23.1 million, and $2.6 million, respectively, are due within one year. In general, the lease obligations, subscription obligations and compensated absences of the governmental activities are liquidated by the general fund.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

Changes in long-term liabilities for the fiscal year ended June 30, 2023, are as follows (amounts in thousands):

	Balance 7/1/2022 (Restated - Note 3)	Additions	Reductions	Balance 6/30/2023	Amounts Due Within One Year
Component Units					
Revenue Bonds Payable	$ 3,656,659	$ 836,645	$ (166,407)	$ 4,326,897	$ 206,604
Mortgage Bonds Payable	1,451,250	5,300	(150)	1,456,400	43,330
Net Unamortized Premiums/(Discounts):					
Revenue Bonds	263,134	108,804	(34,917)	337,021	—
Mortgage Bonds	10,670	—	(1,405)	9,265	—
Total Bonds Payable	5,381,713	950,749	(202,879)	6,129,583	249,934
Notes and Loans Payable	349,062	39,471	(75,541)	312,992	96,466
Net Unamortized Discounts	(1,394)	—	203	(1,191)	—
Lease Obligations	305,966	32,603	(55,825)	282,744	41,574
Subscription Obligations	35,158	17,108	(10,853)	41,413	10,444
Compensated Absences Payable	43,023	15,802	(14,482)	44,343	33,174
Grand Prizes Payable	176,050	11,822	(21,411)	166,461	22,302
Derivative Instruments Payable	12,954	—	(12,915)	39	—
Other Liabilities	33,107	6,083	(2,516)	36,674	8,830
Total Component Units	**$ 6,335,639**	**$ 1,073,638**	**$ (396,219)**	**$ 7,013,058**	**$ 462,724**

B. Bonds and Notes Payable

At June 30, 2023, bonds and notes payable currently outstanding are as follows (amounts in thousands):

	Interest Rates	Maturing Through Year	Original Issue Amount	Outstanding Amount
Governmental Activities				
General Obligation Bonds				
General Government	0.26% - 5.11%	2042	$ 11,041,220	$ 7,961,055
General Government - Refunding	1.50% - 5.00%	2032	2,176,480	1,576,555
Revenue Bonds				
Transportation Projects	5.00%	2024	24,389	19,265
GARVEE Bonds	4.00% - 5.00%	2032	548,010	414,845
Notes and Loans Payable	2.57% - 4.83%	2034	63,276	43,889
Business-type Activities				
Revenue Bonds				
Georgia Higher Education Facilities Authority	2.00% - 5.00%	2041	$ 191,605	$ 163,985
Transportation Projects	1.70% - 4.00%	2052	367,380	367,380
Notes and Loans Payable	0.00% - 6.03%	2052	3,214,151	2,418,322

NOTE 10 - LONG-TERM LIABILITIES (continued)

	Interest Rates	Maturing Through Year	Original Issue Amount	Outstanding Amount
Component Units				
Revenue Bonds				
Higher Education Foundations	0.68% - 5.75%	2053	$ 2,911,240	$ 2,217,075
A U Health Systems, Inc.	1.05% - 5.00%	2040	203,520	188,560
Georgia Tech Foundation	1.76% - 6.66%	2052	396,185	307,160
Geo. L. Smith, II Georgia World Congress Center Authority	2.38% - 5.00%	2054	439,595	439,595
Georgia Ports Authority	4.00% - 5.25%	2052	1,182,655	1,170,950
Other Revenue Bonds	5.28%	2028	10,000	3,557
Mortgage Bonds				
Georgia Housing and Financing Authority	0.20% - 5.00%	2052	2,375,910	1,456,400
Notes and Loans Payable				
Higher Education Foundations	0.45% - 6.03%	2049	304,202	220,014
A U Health Systems, Inc.	7.99%	2024	2,748	2,026
Georgia Tech Foundation	3.00% - 4.40%	2029	54,152	38,080
Geo. L. Smith, II Georgia World Congress Center Authority	4.50%	2045	46,158	43,689
Other Notes and Loans Payable	0.13% - 1.57%	2043	21,499	9,183

C. General Obligation Bonds

Primary Government

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. On July 7, 2022, the State issued general obligation bonds, (Series 2022A and 2022B), totaling $704.1 million to provide funds for various capital outlay projects of the State, for county and independent school systems through the Department of Education, for county and local libraries through the Board of Regents, and to provide loans through the Georgia Environmental Finance Authority (GEFA) to local governments and local government entities for water and sewerage facilities. General obligation bonds are direct obligations of the State to which the full faith and credit of the State are pledged.

Bonds Authorized but Unissued

Authorized but unissued general obligation bonds as of June 30, 2023, are as follows (amounts in thousands):

Purpose	Authorized Unissued Debt
K-12 Education	$ 306,290
Higher Education	35,705
Economic Development	10,000
Public Safety	2,600
Georgia Bureau of Investigation	2,500
Total	**$ 357,095**

NOTE 10 - LONG-TERM LIABILITIES (continued)

Defeasance and Refunding of General Obligation Bonds

On July 7, 2022, the State issued Series 2022C general obligation refunding bonds totaling $487.6 million to refund a total of $522.2 million from four (4) different series of general obligation bonds with interest rates ranging from 3.00% to 5.00%. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete the refunding transactions is $42.1 million. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. In addition, the refunding transaction produced an economic gain of $34.9 million.

As of June 30, 2023, the State had no outstanding advance refunded bonds.

Early Retirement of Debt

From funds received from the sale of state property and from interest earnings available for the advance retirement of debt, the State made purchases of various series of State of Georgia General Obligation Bonds in the secondary market with a par value of $62.4 million. The early retirements of the bonds will save the State $92.2 million in future principal and interest appropriations. Since July 1, 2000 the early retirement program has saved the State over $1.2 billion in future principal and interest appropriations.

D. Revenue Bonds

Governmental Activities

State Road and Tollway Authority (SRTA) has issued Guaranteed Revenue Bonds for the purpose of financing certain road and bridge projects in the State. The guaranteed revenue bonds are secured by a joint resolution between the Georgia Department of Transportation (GDOT) (General Fund) and SRTA (Nonmajor Governmental Fund) whereby GDOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2023, the State collected $837.2 million of motor fuel tax funds, which exceeds the principal and interest due on the revenue bonds of $24.2 million for the same fiscal year. Further, the State has guaranteed the full payment of the bonds and the interest. The outstanding principal amount for June 30, 2023 is $19.3 million.

SRTA has issued Federal Highway Grant Anticipation Revenue Bonds and Federal Highway Reimbursement Revenue Bonds (GARVEE) of $548.0 million. The bond proceeds will be used for the purpose of providing funds for approved public transportation projects. All GARVEE bonds are pledged and payable solely from grant and reimbursement revenues received from the Federal Highway Administration. These bonds do not constitute a pledge of the faith and credit of SRTA or the State. The outstanding principal amount as of June 30, 2023 is $414.8 million.

Business-type Activities

On July 1, 2021 SRTA issued Managed Lane System State of Georgia Guaranteed Revenue bonds series 2021A and 2021B in the amounts of $330.1 million and $37.2 million. The bonds were issued for the purposes of 1) to repay in-full the remaining debt on the TIFIA loan related to the I-75 Northwest Corridor Express Lanes project; 2) defeasance of outstanding I-75 South Toll Revenue Bonds; 3) pay the costs of certain tolling infrastructure related to the existing managed lane system; 4) pay the costs of certain tolling infrastructure related to certain future tolling

NOTE 10 - LONG-TERM LIABILITIES (continued)

facilities planned in the State's Major Mobility Investment Program; 5) to fund capitalized interest on the 2021A Bonds; and 6) to pay a portion of the costs of issuance of the bonds. The Series 2021A bonds mature on July 15, 2051 and the Series 2021B bonds mature on July 15, 2034. While these bonds are secured by the net toll revenue derived from the operation of the Managed Lane System, the State of Georgia has guaranteed the full payment of the bonds and the interest thereon in accordance with the Constitution of the State of Georgia and has reserved $26.1 million in the State of Georgia Guaranteed Revenue Debt Common Reserve Fund that is on deposit at OST. As of June 30, 2023, the outstanding principal balance for both was $367.4 million.

Georgia Higher Education Facilities Authority (GHEFA) has issued revenue bonds for the purpose of acquiring, constructing and equipping several projects on college campuses throughout the State. The bonds are secured solely by the related security deed and related assignment of contract documents. As of June 30, 2023, the outstanding principal for these revenue bonds is $164.0 million.

Component Units

Higher Education Foundations have issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campuses of the University System of Georgia. The bond issues have interest rates ranging from 0.68% to 5.75% with maturity dates through fiscal year 2053. As of June 30, 2023, the outstanding principal for these revenue bonds was $2.2 billion. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

In March 2021, the Geo. L. Smith II Georgia World Congress Center Authority (GWCC) issued revenue bonds in the amounts of $439.6 million. The proceeds of the bonds, together with the original issue premiums and other amounts contributed by GWCC, will be used to finance the construction of a convention center hotel, provide funds to make the interest payments on the bonds until the hotel opening, and to pay the costs of issuing the bonds. The bonds are special limited obligations of GWCC payable solely from and secured by a pledge of and lien on all operating revenues derived by GWCC from the operation of the convention center hotel, remaining after the payment of expenses to operate the convention center hotel. These revenues are pledged to secure the bonds until such time that all outstanding principal has been satisfied on the bonds. The bonds bear interest at rates ranging from 2.38% to 5.00% and interest is due semiannually beginning on July 1, 2021, until maturity on January 1, 2054. As of June 30, 2023 the outstanding principal was $439.6 million.

Georgia Tech Foundation, Inc. has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campus of The Georgia Institute of Technology. The bond issues have interest rates ranging from 1.76% to 6.66% with maturity dates through fiscal year 2052. As of June 30, 2023, the outstanding principal for these revenue bonds was $307.2 million. These bonds are secured by lease arrangements for these various facilities with the Board of Regents.

AU Health Systems, Inc. (AUHS) has issued various revenue bonds to finance the costs of acquiring, renovating, constructing and equipping various facilities located on the campus of AUHS. The bond issues have interest rates ranging from 1.05% to 5.00% with maturity dates through fiscal year 2040. As of June 30, 2023, the outstanding principal for these revenue bonds was $188.6 million. These bonds are secured by gross revenues of AUHS.

NOTE 10 - LONG-TERM LIABILITIES (continued)

In July 2021, Georgia Ports Authority issued the Series 2021 revenue bonds in the amount of $427.0 million. The proceeds of which are to be used to finance various capital improvement projects and to pay the costs of issuance of the Series 2021 bonds. The interest rate on the bonds is 4.00% to 5.00% with a maturity in 2052. In August 2022, the Authority issued the Series 2022 revenue bonds in the amount of $755.6 million; proceeds of which are to be used to finance various capital improvement projects and to pay the costs of issuance of the Series 2022 bonds. The interest rate on the bonds is 4.00% – 5.25% with a maturity in 2052. Bonds payable at June 30, 2023 is $1.2 billion. These bonds are secured by Georgia Ports Authority operating revenues.

Other component units had revenue bonds payable outstanding at June 30, 2023, of $3.6 million as detailed below (amounts in thousands):

	Amount
Lake Lanier Island Devel. Auth	$ 3,557

E. Mortgage Bonds

Component Units

Mortgage bonds outstanding of $1.5 billion at June 30, 2023, were issued by the Georgia Housing and Finance Authority for financing the purchase of single-family mortgage loans for eligible persons and families of low and moderate income within the State. The bonds are secured by certain assets, which include mortgage loans purchased and certain cash and cash equivalents and investment securities in mortgage bond accounts, and any interest earned thereon.

F. Notes and Loans Payable

Governmental Activities

Notes and loans payable for direct borrowings in governmental activities as of June 30, 2023, were $43.9 million.

Energy Performance Contracts for the Department of Economic Development, the Department of Corrections and the Department of Natural Resources, attributed $22.6 million, $18.2 million, and $3.1 million, respectively. These contracts contain provisions related to events of default. Significant to these provisions, an event of default occurs when: (a) the Primary Government fails to pay any payment of purchase price or other payment required to be paid when due, (b) the Primary Government has a breach in any material respect of the contract or failure of the Primary Government to observe or perform contract covenants for a period of 30 days after written notice, or (c) initiation by or against the Primary Government of a proceeding under any federal or state bankruptcy or insolvency seeking relief under such laws. Upon the occurrence of any event of default, the seller shall have the right to proceed by court action to enforce performance by the Primary Government of the applicable contract covenants or to recover for the the breach. The Primary Government would be responsible for attorney fees and expenses incurred by seller.

NOTE 10 - LONG-TERM LIABILITIES (continued)

Business-type Activities

Notes and loans payable for business-type activities as of June 30, 2023, were as follows (amounts in thousands):

	Amount
University System of Georgia - Financing Lease Agreements	$ 2,412,932
University System of Georgia - Energy Performance Contracts	5,390
Total	**$ 2,418,322**

Financing Lease Agreements

The University System of Georgia is obligated under various multi-year financing lease agreements for the acquisition or use of real property and equipment, whereby the assets transfer ownership at the end of the agreement. In accordance with O.C.G.A. § 50-5-64, these agreements shall terminate absolutely and without further obligation at the close of the fiscal year in which it was executed and at the close of each succeeding fiscal year for which it may be renewed. These agreements may be renewed only by a positive action taken by the University System of Georgia. In addition, these agreements shall terminate if the State does not provide adequate funding, but that is considered a remote possibility. The University System of Georgia's outstanding principal related to financing lease agreements for fiscal year 2023 was $2.4 billion. Interest rates for these notes payable range from 0.00% to 6.03%. The discretely presented foundations have the corresponding receivable for these amounts, which are presented as Notes and Loans Receivables – Primary Government in *Note 7 – Receivables*.

Component Units

Notes and loans payable for component units as of June 30, 2023, were as follows (amounts in thousands):

	Amount
Higher Education Foundations	$ 220,014
A U Health Systems, Inc.	2,026
Georgia Tech Foundation, Inc.	38,080
Geo. L. Smith II World Congress Center Authority	43,689
Lake Lanier Islands Development Authority	7,511
Pioneer RESA	1,342
Griffin RESA	330
Total	**$ 312,992**

Higher Education Foundations Notes and Loans

The Georgia Tech Athletic Association has an unsecured revolving line of credit in the amount of $12.0 million with a regional bank. The line of credit is due on demand, but if no demand for payment is made, the line matures on January 31, 2025. Accrued interest is due on the 1st day of each month. The interest rate on the line of credit is

NOTE 10 - LONG-TERM LIABILITIES (continued)

equal to the sum of the daily BSBY rate plus 45 basis points, or 5.62% for 2023. There was a $12.0 million balance outstanding on the line of credit at June 30, 2023.

As of June 30, 2023 Georgia Tech Athletic Association has an unsecured note payable with interest payable quarterly at a fixed rate of 1.55% and a note payable with equipment as collateral with a fixed rate of 1.98%. The outstanding balance of both notes as of June 30, 2023 was $8.2 million.

During the year ended June 30, 2013, the Medical College of Georgia Foundation, Inc. entered into a non-revolving secured draw loan not to exceed $3.0 million with a financial institution to provide financing to obtain land located around Augusta University. The note was modified on May 27, 2020 to lower the interest rate to 3.50% and raise the maximum draw amount to $12.0 million. The note is collateralized by various real property owned by Resurgens Properties, LLC funded by the draw note. In December 2021, the Medical College of Georgia Foundation, Inc. modified the aforementioned note which extended the maturity date to December 28, 2023 and lowered the interest rate to 3.25%. The outstanding balance at June 30, 2023 was $11.3 million.

In October 2021, the Medical College of Georgia Foundation, Inc. entered into a commercial note agreement for $5.0 million (the “Bridge Loan”) with a financial institution to provide financing for the HUB project. The Bridge Loan is collateralized by a $5.0 million deposit account and bears an interest rate equal to the index plus 0.60% per annum. The Bridge Loan matures on October 12, 2024. At June 30, 2023, the interest rate was 5.60% and the outstanding note balance was $4.5 million.

On October 4, 2017, the University of Georgia Athletic Association entered into a $50 million revolving credit agreement with a bank, which was renewed on February 27, 2020 and amended and restated on November 22, 2022, for a draw period until a final maturity of five years. The proceeds of the Credit Facility shall be used to bridge the cash needs to fund construction projects until cash receipts are realized from fundraising activities. Credit available under the revolving credit agreement is reduced by outstanding borrowings. At June 30, 2023 the outstanding balance was $12.5 million.

During 2007, the University of Georgia Foundation signed a 10 year $ 6.2 million promissory loan agreement with a bank. During November 2017, the University of Georgia Foundation amended the agreement and made a one-time principal payment of 0.8 million, extending the maturity date of the remaining outstanding balance to November 1, 2032. Interest is charged at the bank's 30-day London InterBank Offered Rate (LIBOR) plus 32.5 basis points; such rate was 5.50% at June 30, 2023. Principal and interest are payable monthly. The outstanding balance at June 30, 2023 was $3.6 million.

During October 2014, the University of Georgia Foundation entered into a series of transactions, as follows: (1) The University of Georgia Foundation entered into a tax-exempt financing project with the Washington D.C. District Council for $12.5 million involving tax-exempt bonds, which expire on November 1, 2039 and accrue interest at a per annum rate equal to 75.00% of the sum of one-month LIBOR plus 1.60% payable monthly; (2) The University of Georgia Foundation entered into a loan agreement with a bank in which the University of Georgia Foundation fully repaid its obligation under the newly acquired tax-exempt bonds in exchange for a promissory loan relating to the same principal. The promissory loan agreement expires on November 1, 2039 and includes certain debt covenants and restrictions. Interest on the promissory loan agreement is charged at 75.00% of the sum of one-month LIBOR plus 1.60%; such rate was 5.08% at June 30, 2023. Principal and interest on the promissory loan agreement are payable quarterly. The outstanding balance at June 30, 2023 was $9.2 million.

In November 2018, the Real Estate Foundation, a blended component unit with the University of Georgia Research Foundation, Inc., entered into a $25.0 million revolving credit agreement with a bank, for a five-year term to expire

NOTE 10 - LONG-TERM LIABILITIES (continued)

on November 30, 2023. Borrowings under the revolving credit agreement bear interest at the bank's 30-day London Interbank Offered Rate plus 0.48%. At June 30, 2023, the rate applicable to the borrowings was 5.64%. The outstanding balance at June 30, 2023 was $17.0 million.

In September 2018, the University System of Georgia Foundation, Inc. and Affiliates refinanced a Bond Anticipation Note (BAN) with five individual, 19-year low-interest fixed rate notes payable with the USDA. The real estate on which the facilities are constructed will be leased to University System of Georgia Real Estate Foundation IV, LLC by the Board of Regents pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on September 20, 2037, with a fixed interest rate of 2.75%, and are payable annually. The outstanding balance at June 30, 2023 was $33.7 million.

In November 2019, the University System of Georgia Foundation, Inc. and Affiliates refinanced a BAN with four individual, 22 year low-interest fixed rate notes payable with the USDA. The real estate on which the facilities are constructed will be leased to University System of Georgia Real Estate Foundation V, LLC by the Board of Regents pursuant to a ground lease for minimal rent. The USDA notes payable will all mature on November 18, 2041, with a fixed interest rate of 3.00%, and are payable annually. The outstanding balance at June 30, 2023 was $31.9 million.

In 2022 the Georgia State University Foundation, Inc. entered into a promissory note payable with a financial institution for $22.1 million in relation to a building acquisition to be held for future sale. The note payable matures on June 30, 2024 and bears and interest rate equal to Term SOFR plus 2.25%. The outstanding balance as of June 30, 2023 was $21.0 million.

The Georgia State University Foundation, Inc. also entered into a promissory note payable for $10.0 million dollars to fund the initial capital contribution for the building investment. The note payable is a non-interest bearing note and matures on July 1, 2024. The outstanding balance at June 30, 2023 was $10.0 million.

The Georgia Advanced Technology Ventures, Inc. and Subsidiaries have an unsecured notes payable maturing in December 2034 with an interest rate of 6.03%. The outstanding balance as of June 30, 2023 was $1.1 million.

The Georgia Advanced Technology Ventures, Inc. and Subsidiaries has an agreement to purchase multiple floors of the Centergy One Building on Fifth Street in Atlanta. The agreement ends at different dates by floor, three floors end in August 2033 and two floors in December 2034. The interest rate for all floors is 4.90%. The outstanding balance as of June 30, 2023 was $44.0 million.

Other Component Units Notes and Loans

In fiscal year 2023, the Health System entered into short-term financing agreements totaling $2.7 million for two multi-year insurance policies for the construction of a hospital in Columbia County, Georgia. The builders' risk policy of $0.5 million was financed for ten months with an effective interest rate of 8.18%. The policy covering construction project losses and liability was in the amount of $2.3 million and was financed for eleven months with an effective interest rate of 7.99%. The balance of notes payable was $2.0 million at June 30, 2023.

The Georgia Tech Foundation, Inc. has guaranteed line of credit in the name of the Georgia Tech Foundation Funding Corporation (GTFFC) totaling $26.0 million. The Georgia Tech Foundation, Inc has two lines of credit in the name of the Foundation collectively totaling to $50.0 million. Interest is calculated using the LIBOR or SOFR rate. This resulted in an average effective interest rate of 4.40% at June 30, 2023. As of June 30, 2023, the outstanding balance on the note was $11.4 million.

NOTE 10 - LONG-TERM LIABILITIES (continued)

In September 2018, the Georgia Tech Foundation, Inc. entered into a loan agreement with a bank, borrowing $25.1 million initially and may borrow an additional $4.1 million increasing the loan to $29.2 million. The loan was refinanced in 2022 with a new effective interest rate of 3.00% as of June 30, 2023 and a maturity in August 2028. As of June 30, 2023, the outstanding balance on the loan was $26.7 million.

On May 15, 2020, the Georgia Geo. L. Smith World Congress Center Authority entered into a non-recourse note purchase agreement with Northwestern Mutual. Under this agreement, the Georgia Geo. L. Smith World Congress Center Authority received $46.2 million in cash and will pay interest at a rate of 4.50% due semi-annually through fiscal year 2045. The liability is a direct borrowing and the Mercedes Benz Stadium license agreement payments were used as collateral. The outstanding balance as of June 30, 2023 was $43.7 million.

In addition to the notes and loans discussed in the previous paragraphs, as of June 30, 2023, an additional $9.2 million in notes were held by other component units of the State.

G. Interest Rate Swaps

As a means of interest rate management, various higher education foundations have entered into interest rate swap agreements. For further details on these agreements, please refer to *Note 6 - Derivative Instruments.*

H. Pollution Remediation

Pollution remediation obligations reflect estimates that have the potential to change due to such items as price increases or reductions, new technology, or changes in applicable laws or regulations.

<u>Governmental Activities</u>

Department of Natural Resources

Department of Natural Resources has recorded liabilities totaling $92.7 million at June 30, 2023 for pollution remediation primarily related to sites included in the hazardous site inventory, Superfund sites where only operations and maintenance remains, and site containing underground storage tanks that are enrolled for remediation coverage in the Georgia Underground Storage Tank Program. The liabilities were determined by previous experience. Pollution remediation liability activity in fiscal year 2023 was as follows (amounts in thousands):

7/1/2022	Additions	Reductions	6/30/2023	Amounts Due Within One Year
$ 84,673	$ 29,143	$ 21,161	$ 92,655	$ —

NOTE 10 - LONG-TERM LIABILITIES (continued)

I. *Lease and Subscription Obligations*

For information on lease and subscription obligations see *Note 11 - Leases and Subscriptions.*

J. *Debt Service Requirements*

Annual debt service requirements to maturity for general obligation bonds, revenue bonds, GARVEE bonds, mortgage bonds, and notes and loans payable are as follows (amounts in thousands):

Primary Government

	Governmental Activities							
	General Obligation Bonds		Revenue Bonds		GARVEE Bonds		Notes and Loans Payable - Direct Borrowings	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 871,605	$ 373,466	$ 19,265	$ 482	$ 39,715	$ 20,731	$ 3,571	$ 1,674
2025	832,495	337,314	—	—	41,685	18,757	3,763	1,539
2026	778,665	302,299	—	—	43,770	16,672	3,876	1,398
2027	742,845	270,313	—	—	45,955	14,484	4,063	1,250
2028	686,110	238,928	—	—	48,250	12,186	4,242	1,096
2029-2033	2,943,230	787,763	—	—	195,470	24,489	22,065	2,824
2034-2038	1,874,635	293,268	—	—	—	—	2,309	47
2039-2043	808,025	50,204	—	—	—	—	—	—
Total	**$ 9,537,610**	**$ 2,653,555**	**$ 19,265**	**$ 482**	**$ 414,845**	**$ 107,319**	**$ 43,889**	**$ 9,828**

	Business-type Activities					
	Revenue Bonds		Notes and Loans Payable - Financing Lease Agreements		Notes and Loans Payable - Other	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 6,785	$ 19,764	$ 117,968	$ 102,168	$ 1,266	$ 123
2025	7,125	19,425	123,991	97,177	615	103
2026	7,480	19,068	128,603	91,779	632	86
2027	7,780	18,761	134,566	85,959	648	69
2028	8,115	18,437	139,974	80,127	666	52
2029-2033	66,125	85,653	710,978	309,149	1,563	52
2034-2038	125,090	68,398	634,004	160,622	—	—
2039-2043	106,015	43,474	288,480	51,771	—	—
2044-2048	101,960	23,758	85,771	18,273	—	—
2049-2053	94,890	5,799	48,597	3,521	—	—
Total	**$ 531,365**	**$ 322,537**	**$ 2,412,932**	**$ 1,000,546**	**$ 5,390**	**$ 485**

NOTE 10 - LONG-TERM LIABILITIES (continued)

Component Units

	Higher Education Foundations		Augusta Health Systems Incorporated		Georgia Tech Foundation		Geo. L. Smith, II Georgia World Congress Center Authority	
	Revenue Bonds		Revenue Bonds		Revenue Bonds		Revenue Bonds	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 90,470	$ 101,746	$ 92,290	$ 5,916	$ 13,130	$ 11,832	$ —	$ 19,106
2025	96,760	97,656	2,600	4,237	13,995	11,220	—	19,106
2026	100,865	92,829	3,425	4,067	14,190	10,560	—	19,106
2027	108,150	88,067	3,815	3,878	14,730	9,867	7,240	19,106
2028	112,280	82,475	4,035	3,691	12,650	9,181	7,705	18,874
2029-2033	603,410	323,987	29,775	15,089	57,050	35,335	46,345	90,200
2034-2038	563,410	183,481	41,620	8,106	10,140	28,255	61,305	78,940
2039-2043	343,515	70,899	11,000	440	14,375	25,836	76,540	63,713
2044-2048	127,625	26,866	—	—	31,605	22,194	95,275	44,975
2049-2053	70,590	5,422	—	—	125,295	8,584	118,315	21,932
2054-2058	—	—	—	—	—	—	26,870	1,176
Total	**$ 2,217,075**	**$ 1,073,428**	**$ 188,560**	**$ 45,424**	**$ 307,160**	**$ 172,864**	**$ 439,595**	**$ 396,234**

	Georgia Ports Authority		Other Component Units		Higher Education Foundations		Augusta Health Systems Incorporated	
	Revenue Bonds		Revenue Bonds		Notes and Loans Payable		Notes and Loans Payable	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 10,075	$ 53,354	$ 639	$ 175	$ 79,821	$ 4,895	$ 2,026	$ 96
2025	16,770	52,841	673	141	25,085	4,513	—	—
2026	21,565	51,993	710	105	8,486	4,226	—	—
2027	22,640	50,905	748	67	9,187	3,922	—	—
2028	23,770	49,763	787	25	9,521	3,595	—	—
2029-2033	137,925	229,575	—	—	47,894	12,535	—	—
2034-2038	176,040	191,188	—	—	30,996	4,091	—	—
2039-2043	221,525	145,733	—	—	9,024	648	—	—
2044-2048	275,025	91,980	—	—	—	—	—	—
2049-2053	265,615	27,724	—	—	—	—	—	—
Total	**$ 1,170,950**	**$ 945,056**	**$ 3,557**	**$ 513**	**$ 220,014**	**$ 38,425**	**$ 2,026**	**$ 96**

	Georgia Tech Foundation		Geo. L. Smith, II Georgia World Congress Center Authority		Other Component Units		Georgia Housing and Finance Authority	
	Notes and Loans Payable		Notes and Loans Payable		Notes and Loans Payable		Mortgage Bonds	
Year	Principal	Interest	Principal	Interest	Principal*	Interest	Principal	Interest
2024	$ 12,260	$ 1,312	$ 626	$ 1,959	$ 1,733	$ 56	$ 43,330	$ 46,613
2025	896	761	706	1,930	1,763	38	43,155	45,609
2026	924	733	792	1,898	2,066	18	44,085	44,493
2027	952	705	882	1,861	638	4	43,940	43,304
2028	981	676	978	1,820	185	4	43,555	42,102
2029-2033	22,067	110	6,525	8,328	927	14	228,125	191,107
2034-2038	—	—	9,861	6,538	933	9	269,125	153,812
2039-2043	—	—	14,205	3,901	938	3	328,935	102,678
2044-2048	—	—	9,114	629	—	—	289,280	49,153
2049-2053	—	—	—	—	—	—	122,870	8,048
Total	**$ 38,080**	**$ 4,297**	**$ 43,689**	**$ 28,864**	**$ 9,183**	**$ 146**	**$ 1,456,400**	**$ 726,919**

NOTE 11 - LEASES AND SUBSCRIPTIONS

The State leases land, office facilities, office and computer equipment, and other assets. The State also enters into certain subscription-based contracts to use vendor-provided information technology (IT). Although lease and/or subscription terms vary, many leases and/or SBITAs are subject to appropriation from the General Assembly to continue the obligation. Other agreements generally contain provisions that, at the expiration date of the original term of the agreement, the State has the option of renewing the lease and/or subscription on a year-to-year basis. Leases and/or subscriptions renewed yearly for a specified time period, i.e. agreement expires at 12 months and must be renewed for the next year, do not meet the qualification as a lease or SBITA.

A. Lessee – Lease Obligations

Unless the lessor rate is known, the State's borrowing rate is used. Interest rates for 2023 ranged from 0.0005% - 28.31%.

The lease contracts, at times, include variable payments, residual value guarantees, or termination penalties that are not known or certain to be exercised at the time of the lease obligation valuation. For the fiscal year 2023, the State recognized expense for lease variable payments related to payments based on performance and termination penalties of $22.8 thousand for business-type activities. There were no residual value guarantees for the fiscal year.

For details of Intangible Right-To-Use Assets, see *Note 9 - Capital Assets and Intangible Right-to-use Assets.*

Below is the future commitments related to the outstanding lease obligations year at June 30, 2023:

(Table on next page)

NOTE 11 - LEASES (continued)

Fiscal Year Ended June 30	Primary Government				Component Units	
	Governmental Activities		Business-type Activities			
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 110,761	$ 16,473	$ 62,621	$ 10,914	$ 41,396	$ 6,200
2025	106,193	14,255	56,660	9,517	38,696	5,503
2026	98,383	12,259	53,964	8,569	33,849	4,828
2027	79,691	10,383	51,546	7,629	29,259	4,194
2028	74,367	8,720	44,605	6,640	33,265	3,733
2029-2033	231,055	26,921	169,410	18,329	70,904	12,013
2034-2038	120,802	8,293	25,005	4,133	31,337	3,713
2039-2043	40,536	1,272	6,415	1,757	3,787	118
2044-2048	2,111	20	3,518	491	180	4
2049-2053	—	—	119	188	71	—
2054-2058	—	—	111	229	—	—
2059-2063	—	—	103	272	—	—
2064-2068	—	—	96	318	—	—
2069-2073	—	—	89	367	—	—
2074-2078	—	—	83	421	—	—
2079-2083	—	—	77	479	—	—
2084-2088	—	—	72	543	—	—
2089-2093	—	—	67	612	—	—
2094-2098	—	—	62	687	—	—
2099-2103	—	—	58	769	—	—
2104-2108	—	—	54	859	—	—
2109-2113	—	—	50	958	—	—
2114-2118	—	—	47	1,067	—	—
2119-2123	—	—	35	939	—	—
Total Future Minimum Commitments	**$ 863,899**	**$ 98,596**	**$ 474,867**	**$ 76,687**	**$ 282,744**	**$ 40,306**

NOTE 11 - LEASES (continued)

B. Lessor – Lease Receivable

The State leases property and equipment for use by others for terms varying from 1 to 70 years. There were no variable payments, residual value guarantees, or termination penalties reported for the fiscal year.

The entities whose principal ongoing operations consist of leasing assets to other entities include Georgia Building Authority, State Properties Commission, and Jekyll Island Authority. Minimum future revenues and rentals to be received under leases as of June 30, 2023 for the aforementioned entities are as follows (amounts in thousands):

	Primary Government					
Fiscal Year Ended June 30	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 11,421	$ 13,824	$ —	$ —	$ 1,263	$ 2,107
2025	9,498	13,489	—	—	1,273	$ 2,072
2026	7,336	13,309	—	—	1,229	$ 2,049
2027	7,852	13,150	—	—	1,151	$ 2,000
2028	6,949	13,000	—	—	1,116	$ 1,965
2029-2033	39,013	68,282	—	—	5,841	$ 9,306
2034-2038	53,216	59,315	—	—	4,930	$ 8,428
2039-2043	66,361	54,702	—	—	3,801	$ 7,753
2044-2048	84,168	49,381	—	—	4,344	$ 7,067
2049-2053	105,515	42,668	—	—	3,501	$ 6,353
2054-2058	130,085	34,367	—	—	2,908	$ 5,835
2059-2063	159,325	24,218	—	—	3,312	$ 5,314
2063-2067	192,896	11,867	—	—	3,926	$ 4,700
2068-2072	66,583	825	—	—	3,658	$ 3,242
2073-2077	44	14	—	—	5,331	$ 3,295
2078-2082	44	11	—	—	6,319	$ 2,307
2084-2088	45	—	—	—	7,490	$ 1,136
2089-2093	80	—	—	—	2,528	$ 83
Total Minimum Revenues	**$ 940,431**	**$ 412,422**	**$ —**	**$ —**	**$ 63,921**	**$ 75,012**

NOTE 11 - LEASES (continued)

C. Related Parties

Primary Government

University System of Georgia Foundations

During fiscal year 2023, various foundations that are not included in the government-wide financial statements have entered into transactions with institutions of the University System of Georgia. The University System of Georgia institutions have lease obligations to these foundations that are not included as component units in the amount of $232.4 million as of June 30, 2023.

D. Subscription Obligations

Unless the vendor rate is known, the State's borrowing rate is used. Interest rates for 2023 ranged from 0.035% - 5.5%.

For the fiscal year 2023, the State recognized expense for lease variable payments related to payments based on performance and termination penalties of $8.9 million for governmental activities.

For details of Subscription Based Intangible Right-To-Use Assets, refer to *Note 9 - Capital Assets and Intangible Right-to-use assets*.

Below is the future commitments related to the outstanding subscription obligations year at June 30, 2023:

	Primary Government					
Fiscal Year Ended June 30	**Governmental Activities**		**Business-type Activities**		**Component Units**	
	Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2024	$ 63,127	$ 3,811	$ 27,818	$ 1,627	$ 10,444	$ 1,376
2025	42,539	2,343	25,591	1,217	8,303	1,058
2026	35,129	1,300	17,487	785	7,305	757
2027	16,039	450	12,240	450	7,320	481
2028	4,304	171	1,764	40	7,059	197
2029-2033	2,231	434	—	—	982	12
Total Future Minimum Commitments	**$ 163,369**	**$ 8,509**	**$ 84,900**	**$ 4,119**	**$ 41,413**	**$ 3,881**

NOTE 12 - ENDOWMENTS

The State's donor restricted endowment funds reside primarily within the higher education institutions. The funds are pooled at the individual member institution level, unless required to be separately invested by the donor. There is no state law that governs endowment spending; rather, for University System of Georgia member institution controlled, donor-restricted endowments, where the donor has not provided specific instructions, the Board of Regents permits the individual member institution to develop policies for authorizing and spending realized and unrealized endowment income and appreciation as they determine to be prudent. Current year net appreciation on endowment investments available for authorization for expenditure was $14.7 million and is reflected as expendable restricted net position.

Changes in the endowment net position for the year ended June 30, 2023, are as follows (amounts in thousands):

Component Units	**Without Donor Restriction**	**With Donor Restriction**	**Total**
Endowment net position, July 1 (Restated)	$ 367,587	$ 3,678,068	$ 4,045,655
Contributions	11,774	129,646	141,420
Net realized and unrealized gains	19,445	228,692	248,137
Appropriation of endowment assets for expenditure	(8,415)	(154,387)	(162,802)
Transfers to comply with donor intent	691	2,425	3,116
Other	(309)	(3,935)	(4,244)
Endowment net position, June 30	**$ 390,773**	**$ 3,880,509**	**$ 4,271,282**

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS

A. Primary Government

In March 2020, the GASB issued Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal years beginning after June 15, 2022. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and to provide guidance for accounting and financial reporting for availability payment arrangements. Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, supersedes Statement No. 60, *Service Concession Arrangements*.

A public-private or public-public partnership (PPP) is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset. Some PPP's are service concession arrangements (SCA).

University System of Georgia

During fiscal year ended June 30, 2015, the Board of Regents of the University System of Georgia (BOR) entered into a Service Concession Arrangement (SCA) with Corvias Campus Living-USG, LLC (Corvias), whereby Corvias Campus Living-USG, LLC, manages, maintains and operates certain existing student housing resources on the campuses of nine institutions: Abraham Baldwin Agricultural College; Armstrong State University; Augusta University; College of Coastal Georgia; Columbus State University; Dalton State College; East Georgia State College; Georgia State University; and the University of North Georgia.

Pursuant to the contractual stipulations of this SCA, whereby the BOR and Corvias are the "parties" participating in this agreement, as of May 14, 2015, the institutions noted above transferred the housing resources covered by this SCA, along with associated capital lease obligations to the University System Office (USO) in fiscal year 2015 through special item transfer. In accordance with the SCA, in May 2015, Corvias provided $311.6 million which the BOR used to retire the capital lease obligations transferred to the USO.

On February 23, 2018, the SCA contractual agreement with Corvias was amended. While performance measures and the operating agreement remain intact, the term of the agreement has changed. The SCA, which was originally for 65 years (780 months) to end in June 2080, will now end on June 30, 2055. This contract modification accelerates the amortization of the Deferred Inflows.

For the $311.6 million that was originally received from Corvias Campus Living-USG, LLC, in fiscal year 2015, $8.0 million was amortized at June 30, 2023, leaving a remaining Deferred Inflow of Resources balance of $255.8 million at year end.

In addition to the existing student housing arrangement, Corvias designs and constructs authorized new housing projects that, once constructed, are similarly managed, maintained and operated on seven of the nine campuses with existing student housing resources. Two of these projects were completed in fiscal year 2016 and their fair market values were capitalized increasing Capital Assets by $23.1 million. In fiscal year 2017, five additional housing projects were completed and their fair market values were capitalized increasing Capital Assets by $154.4 million. A deferred inflow of resources was recorded as the offset to the Capital Asset additions. The deferred inflows associated with these projects are being amortized over the remaining life of the SCA in accordance with the term revision noted above. At June 30, 2023, the University System Office amortized $4.6 million of Deferred Inflows related to these seven projects, leaving a remaining Deferred Inflow of Resources balance of $148.4 million at year end.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

Also, as part of this SCA, and beginning in fiscal year 2016, the USO receives $8.0 million in Ground Rent and $500,000 in Supplemental Capital Repair and Replacement funds each year for the next ten years, with each amount escalating by 3% annually. The USO recorded accounts receivable and deferred inflow of resources in the amount of $73.2 million representing the present value of this revenue stream based on the agreement terms and will amortize the deferred inflows over a ten-year period. The rate applied to the measurement of the receivable of the installment payments was 5.3%. For the year ended June 30, 2023, the University System Office amortized $6.9 million and recognized $3.5 million in associated interest income, leaving a Deferred Inflow balance of $13.4 million as of June 30, 2023.

The USO also receives retained services funds each year as a percentage of gross revenues for that year. For the fiscal year ended June 30, 2023, the University System Office received $10.6 million in retained services revenue.

The USO has no reportable future obligation for these services.

Kennesaw State University

At June 30, 2023, Kennesaw State University (KSU) was a participant in four Public-Private Partnerships.

1. In August 2001, KSU entered into an agreement with Kennesaw State University Foundation, Inc. (KSUF) whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the residence hall (“University Place”) in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the residence hall at the end of the operating agreement in August 2037.

2. In August 2003, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing (“University Village”) in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in July 2036.

3. In August 2007, KSU entered into an agreement with KSUF whereby KSUF will operate and collect revenues for housing operations from students. KSUF is required to operate the housing (“University Suites”) in accordance with a contractual agreement between the parties. Under the terms of the agreement, the University received no funds upfront from KSUF, but will take full ownership of the housing at the end of the operating agreement in September 2038.

4. In August 2020, the KSU entered into an agreement with KSUF to simplify the student experience for KSUF-owned housing (University Place, University Village, and University Suites). Under this agreement, KSU is responsible for providing property management services on behalf of KSUF in a fiduciary capacity for billing and the collection of housing charges.

5. In July 2017, KSU entered into a lease agreement with a food service provider whereby the vendor will operate a restaurant in accordance with a contractual agreement between the two parties. Under the terms of the agreement, the University received no funds upfront, but will take full ownership of the equipment and lease improvements at the end of the operating agreement in June 2027.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

For fiscal year 2020, the University increased beginning deferred inflows by $3.5 million related to the re-evaluation of SCA with the KSUF. The agreement terms were revised which reduced annual and accumulated amortization.

At June 30, 2023, the KSU reports the three housing residences and one retail space as capital assets with a net carrying value of $47.0 million. For fiscal year 2023, the KSU reported a remaining deferred inflows of resources of $47.0 million and amortized revenue of $3.5 million.

For fiscal year 2023, KSU received variable payments related to revenue sharing arrangements, based on performance of the operator and/or the usage of the underlying public-private partnership asset in the amount of $0.1 million.

Georgia Gwinnett College

On July 1, 2020, the College entered into an agreement with Aladdin Food Management Services, LLC whereby Aladdin will operate food services operations. The agreement is renewable for each year for ten years. Under the terms of the contract, Aladdin committed a lump sum upfront payment of $1.3 million to the College to pay off the prior capital investment with Aramark Education Services, LLC.

The amortized revenue recorded related to the lump sum payment in fiscal year 2023 was $0.1 million and the remaining deferred inflow was $0.9 million.

Georgia College and State University

The adoption of Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* resulted in a restatement of the net position of the business-type activities for Georgia College and State University (GCSU). For business-type activities, the results are an overall increase in accounts receivables of $3.5 million and an overall increase in deferred inflows of resources of $3.5 million for a net impact on the net position of $0. This change is in accordance with generally accepted accounting principles. See *Note 2 - Changes in Financial Accounting and Reportin*g for additional information related to this transaction.

On June 30, 2022, the University entered into an agreement with Sodexo Management, Inc (Sodexo), whereby Sodexo will operate food services operations from service participants. The agreement is renewable for each year for five years.

Under the terms of the contract Sodexo committed $3.3 million to be used toward locations construction and Food Services refreshes, each year that the Agreement remains in effect. The amount has been recorded in an accounts receivable and deferred inflow until construction and refresh is complete.

On July 1, 2020, the University entered into a Service Concession Arrangement agreement with Barnes and Noble, whereby Barnes and Noble will operate the on-campus bookstore operations. The agreement is renewable for each year for five years.

Under the terms of the contract Barnes and Noble pay $6,100 per month for space within the Campus Theater building and a guaranteed minimum yearly payment of $0.3 million to be paid in monthly pro rata installments. The guaranteed monthly payment shall be amended each year to reflect 90% of the payments to GCSU of the prior contract year. The amortized revenue recorded related to the payment in fiscal year 2023 was $0.2 million and the remaining deferred inflow was $0.2 million.

NOTE 13 - SERVICE CONCESSION ARRANGEMENTS (continued)

For the fiscal year 2023, GCSU received variable payments related to revenue sharing arrangements, based on performance of the operator and/or the usage of the underlying PPP asset(s) in the amount of $3.5 million.

There were not any variable or other payments, such as residual value guarantees or termination penalties, received for the fiscal year ended June 30, 2023.

Valdosta State University

The adoption of Statement No. 94*, Public-Private and Public-Public Partnerships and Availability Payment Arrangements* resulted in a restatement of the net position of the business-type activities for Valdosta State University (VSU). Under this statement, the institution (transferor) is required to recognize a receivable and a deferred inflow of resource. The results are an overall increase in accounts receivables of $0.5 million and an overall increase in deferred inflows of resources of $0.5 million for a net impact on the net position of $0. This change is in accordance with generally accepted accounting principles. See *Note 2 - Changes in Financial Accounting and Reportin*g for additional information related to this transaction.

In May, 2016, the institution entered into an agreement with Aramark Education Services, LLC (Aramark), whereby Aramark will operate food services operations from service participants. The agreement is renewable for each year for ten years.

Under terms of the original agreement Aramark also committed $4.7 million in dining facility renovations. The amortized revenue recorded in fiscal year 2023 for the remaining construction commitment was $304,264 leaving deferred inflow balance of $1.4 million.

In October, 2021, the institution entered into an agreement with Barnes & Noble College (BNC), whereby BNC will operate the bookstore from service participants. The agreement is renewable for every year for five years.

Under the terms of the original contract BNC committed to up to $20,000 to renovate facilities with an additional $84,000 investment for operating systems. The amortized revenue recorded in fiscal year 2023 for the remaining commitment was $29,619 leaving deferred inflow balance of $96,261.

There were not any variable or other payments, such as residual value guarantees or termination penalties, received from either partnership for the fiscal year ended June 30, 2023.

NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2023, consisted of the following (amounts in thousands):

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Deferred Outflows of Resources				
Insurance Financing	$ —	$ —	$ —	$ 2,027
Deferred Amount on Refundings of Bonded Debt	56,252	66,742	122,994	27,621
Deferred Outflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	12,821	184,585	197,406	2,926
Change of assumptions	6,475	341,501	347,976	18,313
Net difference between projected and actual earnings on OPEB plan investments	196,430	38,015	234,445	3,110
Change in proportion	79,544	7,312	86,856	9,643
State contribution subsequent to measurement date	142,903	121,447	264,350	4,392
Deferred Outflows Relating to Pensions:				
Difference between expected and actual experience	37,925	211,164	249,089	9,508
Change of assumptions	1,149,888	837,188	1,987,076	49,645
Net difference between projected and actual earnings on pension plan investments	913,611	1,048,786	1,962,397	61,925
Change in proportion	87,644	51,947	139,591	5,427
State contribution subsequent to the measurement date	852,842	522,045	1,374,887	41,355
Total Deferred Outflows of Resources	**$ 3,536,335**	**$ 3,430,732**	**$ 6,967,067**	**$ 235,892**
Deferred Inflows of Resources				
Deferred Amount on Refundings of Bonded Debt	$ 143	$ 61,560	$ 61,703	$ —
Deferred Service Concession Arrangement Receipts	—	470,475	470,475	—
Deferred Inflows Relating to Other Postemployment Benefits:				
Difference between expected and actual experience	352,408	82,555	434,963	38,289
Change of assumptions	46,419	1,432,531	1,478,950	20,724
Net difference between projected and actual earnings on OPEB plan investments	—	—	—	2,396
Change in proportion	87,268	3,164	90,432	10,126
Deferred Inflows Relating to Pensions:				
Difference between expected and actual experience	80,287	31,077	111,364	1,861
Change of assumptions	5,964	—	5,964	2,392
Change in proportion	108,740	175,736	284,476	9,737
Other Deferred Revenue	18,980	1,224	20,204	13,992
Leases	914,465	27,519	941,984	481,698
Total Deferred Inflows of Resources	**$ 1,614,674**	**$ 2,285,841**	**$ 3,900,515**	**$ 581,215**

Of the $3.5 billion of deferred outflows of resources reported in the governmental activities, $438.2 million represent deferred outflows related to other postemployment benefits, of which $6.7 million are reported in the internal service funds and $3.0 billion represent deferred outflows relating to pensions, of which $37.6 million are

NOTE 14 - DEFERRED INFLOWS AND OUTFLOWS (continued)

reported in the internal service funds. The remaining $56.3 million represent deferred amounts on refundings of bonded debt.

Of the $1.6 billion of deferred inflows of resources reported in the governmental activities, $486.1 million represents deferred inflows related to other postemployment benefits, of which $6.1 million are reported in the internal service funds and $195.0 million represents deferred inflows relating to pensions, of which $1.4 million million are reported in the internal service funds, and $914.5 million is related to leases. Additionally, the U.S. Department of Justice settled an agreement with the Volkswagen Corporation in which an Environmental Mitigation Trust was established. The State has $18.7 million in unavailable revenues to fund future eligible mitigation actions. The remaining $143.4 thousand represent deferred amounts on refundings of bonded debt.

Deferred outflows reported in business-type activities include $3.4 billion which represent $692.9 million relating to other postemployment benefits, $2,671.1 million which represent deferred outflows relating to pensions and $66.7 million, which represent deferred amounts on refundings of bonded debt.

Of the $2.3 billion of deferred inflows of resources reported in the business-type activities, $1.5 billion represent deferred inflows relating to other postemployment benefits, $206.8 million represent deferred inflows relating to pensions, $470.5 million represent deferred service concession arrangement receipts described in *Note 13 - Service Concession Arrangements*, $61.6 million represent deferred amounts on refundings of bonded debt, $27.5 million is related to leases, and $1.2 million represents grant funds received before the period when those resources are permitted to be used.

Of the $235.9 million of deferred outflows of resources reported in the component units, $38.4 million represent deferred outflows relating to other postemployment benefits, $167.9 million represent deferred outflows relating to pensions and $27.6 million represent deferred amounts on refundings of bonded debt. The remaining $2.0 million represent insurance financing.

Of the $581.2 million of deferred inflows of resources reported in the component units, $71.5 million represent deferred inflows relating to other postemployment benefits, $14.0 million represent deferred inflows relating to pensions, $481.7 million is related to leases, and $14.0 million represent grants funds received before the period when those resources are permitted to be used.

Under the modified accrual basis of accounting, governmental funds reported $2.8 billion in deferred inflows of resources, of which $881.9 million is related to leases, and $1.5 billion is for unavailable revenues, which consisted primarily of taxes and interest received more than 30 days after close of the current fiscal year.

NOTE 15 - RETIREMENT SYSTEMS

The State administers various retirement plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer. In addition, the State is the only entity with a statutory requirement to contribute on behalf of the employer directly to many of these Plans creating a situation defined as a Non-employer Contributing Entity in a Special Funding Situation (SFS).

The State's significant retirement plans are:

- Teachers Retirement System of Georgia (TRS) (www.trsga.com)
- Employees' Retirement System (ERS), which is part of the Employees' Retirement System of Georgia (the System) (www.ers.ga.gov)

Each of these systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

There are other retirement plans deemed to be not significant, which are presented in the Fiduciary Funds section of this report, but are not included in the notes to the financial statements and required supplementary information, as follows:

- Plans included in the System (www.ers.ga.gov):
    - Public School Employees Retirement System
    - Georgia Judicial Retirement System
    - Legislative Retirement System
    - Georgia Military Pension Fund
- Peace Officers' Annuity and Benefit Fund (www.poab.georgia.gov)
- Georgia Firefighters' Pension Fund (www.gfpf.org)
- Plans of the Georgia Ports Authority (www.gaports.com)
    - Retirement Plan for Employees of Georgia Ports Authority
    - Georgia Ports Authority Supplemental Retirement Plan
- Augusta University Early Retirement Pension Plan (www.usg.edu/regents)
- Magistrates Retirement Fund of Georgia (www.mrf.georgia.gov)
- Judges of the Probate Courts Retirement Fund of Georgia (www.jpc.georgia.gov)
- Superior Court Clerks' Retirement Fund of Georgia (www.scc.georgia.gov)
- Sheriffs' Retirement Fund of Georgia (www.georgiasheriffs.org)

In addition, the State administers the Regents Retirement Plan, which is an optional retirement plan for certain university employees. (www.usg.edu/regents)

A. Basis of Accounting

Retirement plan financial statements are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement benefits and refund payments are recognized as deductions when due and payable. The retirement plans' fiduciary net positions have been determined on the same basis as they are reported by the various plans.

NOTE 15 - RETIREMENT SYSTEMS (continued)

B. Investments

Investments are reported at fair value and net asset value (NAV) as a practical expedient to fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the System, is represented below, along with the TRS plan.

Pension Plans	Net Annual Money-Weighted Rate
ERS	4.70 %
Teacher's Retirement System	8.56 %

For all plans mentioned above, the money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

ERS and TRS have investment policies regarding the allocation of invested assets.

The ERS and TRS policies are established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through each pension plan.

The following table summarizes the adopted asset allocation policy by plan at June 30, 2023:

	Target Allocation	
Asset Class	**ERS**	**TRS**
Fixed Income	25% - 45%	25% - 45%
Equities	55% - 75%	55% - 75%
Alternative Investments	0% - 5%	0% - 5%
Total	**100.0 %**	**100.0 %**

C. Defined Benefit Plans Descriptions and Funding Policies

Employees' Retirement System of Georgia (The System)

The System is comprised of individual retirement systems and plans covering substantially all employees of the State except for teachers and other employees covered by TRS. The System is administrated by a Board of Trustees that is comprised of active and retired members, ex-officio state employees, and appointees by the Governor.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Employees' Retirement System (ERS)

Plan Description: One of the plans within the System, also titled ERS, is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

Benefits Provided: The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are "new plan" members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, the applicable benefit factor, and the member's age at retirement. Postretirement cost-of-living adjustments may be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Contributions: Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, the State pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The State is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These State contributions are not at any time refundable to the member or his/her beneficiary.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Employer and nonemployer contributions required, as a percentage of covered payroll, for fiscal year 2023 were based on the June 30, 2020 actuarial valuation as follows:

Plan Segment	Contribution Rate 2023
Old Plan*	24.67 %
New Plan	24.67 %
GSEPS	21.59 %

* 4.75% of which was paid by the State on behalf of old plan members.

The State makes contributions to ERS on behalf of certain non-State employers as follows: Pursuant to The Official Code of Georgia Annotated OCGA § 47-2-292 (a) the Department of Revenue receives an annual appropriation from the Georgia General Assembly to be used to fund the employer contributions for certain local county tax commissioners and employees. Pursuant to OCGA § 47-2-290(a) the Council of State Courts (CSC) and the Prosecuting Attorneys' Council (PAC) receive annual appropriations from the Georgia General Assembly for employer contributions of certain local employees in State Courts.

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

Teachers Retirement System of Georgia (TRS)

Plan Description: TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of two appointees by the Board, two ex-officio State employees, five appointees by the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of TRS. All teachers in the state public schools, the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and certain other designated employees in educational-related work are eligible for membership.

Benefits Provided: TRS provides service retirement, disability retirement, and survivor's benefits. Title 47 of the OCGA assigns the authority to establish and amend the provisions of TRS to the State Legislature. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary on the member's death. Death, disability, and spousal benefits are also available.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Contributions: TRS is funded by member, employer and nonemployer contributing entity (Nonemployer) contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

The State makes contributions to TRS on behalf of certain non-State employers as follows: Pursuant to OCGA § 47-3-63, the employer contributions for certain full-time public school support personnel are funded on behalf of the employers by the State of Georgia.

Member contributions as adopted by the Board of Trustees for fiscal year 2023 were 6% of covered payroll. Employer and Nonemployer contributions required for fiscal year 2023 were 19.98% of annual salary as required by the June 30, 2020, actuarial valuation.

D. Defined Benefit Plans Membership and Participating Employers

The following table summarizes the participating membership and participating employers at June 30, 2023:

Participating Membership by Plan
June 30, 2023

Plan Membership	ERS	TRS
Inactive plan members or beneficiaries currently receiving benefits	54,862	148,063
Inactive plan members entitled to but not yet receiving benefits	73,629	15,949
Inactive plan members not entitled to benefits	—	121,585
Active plan members	54,781	235,912
Total	**183,272**	**521,509**
Number of Employers	377	322

These counts treat each legal entity in the State reporting entity as one employer.

NOTE 15 - RETIREMENT SYSTEMS (continued)

E. Defined Benefit Plans Net Pension Liability/(Asset) of Participating Employers and Nonemployer Contributing Entities

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net Pension Liability of the participating employers and nonemployer contributing entities, as of June 30, 2023, by Plan (amounts in thousands):

Components of the Net Pension Liability	ERS	TRS
Total Pension Liability	$ 20,715,028	$ 124,515,490
Plan Fiduciary Net Position	14,749,438	94,991,195
Employers' and non-employer contributing entity's net pension liability	$ 5,965,590	$ 29,524,295
Plan fiduciary net position as a percentage of the total pension liability	71.20 %	76.29 %

F. Defined Benefit Plans Actuarial Methods and Assumptions

Actuarial Valuation Date

The total pension liability at June 30, 2023 is based upon the June 30, 2022 actuarial valuation for ERS and TRS using generally accepted actuarial procedures/techniques.

Actuarial Assumptions

The total pension liability, as of June 30, 2023, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

(Chart on next page)

NOTE 15 - RETIREMENT SYSTEMS (continued)

Actuarial Assumptions

Plan	Valuation date	Inflation	Salary increases	Investment rate of return[1]	Cost of Living Adjustment	Mortality	Actuarial experience study
ERS	6/30/2022	2.50%	3.00% - 6.75%*	7.00%	1.05% annually	The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Post-retirement mortality rates for were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees - General Healthy Annuitant mortality table with further adjustments (set forward one year for both males and females and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively).	7/1/2014-6/30/2019
TRS	6/30/2022	2.50%	3.00% - 8.75%*	6.90%	1.5% semi-annually	Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (set forward one year and adjusted 106%) with the MP-2019 Projected scale applied generationally. The rates of improvement were reduced by 20% for all years prior to ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. Rates of improvement were reduced by 20% for all years prior to the ultimate rate.	7/1/2013-6/30/2018

[1]Investment rate of return is net of pension plan investment expense, including inflation.

*Includes respective inflation assumptions.

The actuarial assumptions used in the valuations are based on the results of the most recent actuarial experience studies dates noted in the table, with the exception of the investment rate of return and the annual rate of inflation for the ERS and TRS plans, and the payroll growth rate assumption for TRS.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Summarized by plan in the table below are the target asset allocation and best estimates of arithmetic real rates of return for each major asset class for ERS and TRS plans.

	Target Allocation			
Asset Class	**ERS**		**TRS**	
	Target allocation	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***
Fixed Income	30.0 %	0.9%	30.0 %	0.9%
Domestic large equities	46.3 %	9.4 %	46.3 %	9.4 %
Domestic small equities	1.2 %	13.4 %	1.2 %	13.4 %
International developed market equities	12.3 %	9.4 %	12.3 %	9.4 %
International emerging market equities	5.2 %	11.4 %	5.2 %	11.4 %
Alternatives	5.0 %	10.5 %	5.0 %	10.5 %
Total	**100.0 %**		**100.0 %**	

* Rates shown are net of the 2.50% assumed rate of inflation .

Discount Rate

The discount rate used to measure the total pension liability for ERS and TRS, as of June 30, 2023, was 7.00% and 6.90%, respectively. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and nonemployer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Sensitivity of the Participating Employers and Nonemployer Contributing Entities NPL to Changes in the Discount Rate

The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the NPL of the employer and nonemployer contributing entities, as of June 30, 2023. The NPL is calculated using the determined discount rate as well as what the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amounts in thousands):

Sensitivity of the Plan Participating Employer and Nonemployer Contributing Entities Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
ERS's Net Pension Liability	$ 8,186,033	$ 5,965,590	$ 4,097,016
	(5.90%)	(6.90%)	(7.90%)
TRS's Net Pension Liability	$ 46,681,345	$ 29,524,295	$ 15,513,254

NOTE 15 - RETIREMENT SYSTEMS (continued)

The following information is from the perspective of the State as the employer.

G. State's Proportionate Share of Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The State reported a liability as the Employer for its proportionate share of the NPL associated with the plans listed below. In addition, the State reported a liability for its proportionate share of the NPL as a result of its statutory requirement to contribute to certain plans. These contributions were made by the State as the Non-employer Contributing Entity in a Special Funding Situation.

The following schedule is presented from the perspective of the State as the Employer and/or non-employer contributing entity and details the proportionate share of the pension amounts for each plan as of June 30, 2023 is as follows (amounts in thousands):

Aggregate Pension Amounts - All Plans

	Primary Government	Component Units
Pension liabilities	$ 12,068,072	$ 315,363
Pension assets	$ 59,359	$ —
Deferred outflows of resources related to pensions	$ 5,713,040	$ 167,861
Deferred inflows of resources related to pensions	$ 401,804	$ 13,989
Pension expense/expenditures	$ 2,318,965	$ 50,460

NOTE 15 - RETIREMENT SYSTEMS (continued)

The information below includes all significant plans and funds administered by the State of Georgia.

The NPL for each plan was measured as of June 30, 2022. The total pension liability/asset used to calculate the NPL for each plan was based on an actuarial valuation as of June 30, 2021 for ERS and TRS.

Employees' Retirement System

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2023, the State reported a liability of $5.9 billion, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total pension liability to June 30, 2022. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the State's proportion for the ERS plan as Employer was 88.327728% which was a decrease of 0.416725% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized pension expense of $1.4 billion.

At June 30, 2023, the State reported a liability of $92.5 million, for its proportionate share of the net pension liability, based on contributions to ERS during the fiscal year ended June 30, 2022, for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. At June 30, 2022, the State's proportion was 1.385222% for certain Local County Tax Commissioners and the CSC and PAC employees in certain counties. For the year ended June 30, 2023, the State recognized expense of $18.8 million.

Component Units: At June 30, 2023, the State reported a liability of $89.8 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total pension liability to June 30, 2022. The State's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2022. At June 30, 2022, the State's proportion for the ERS plan as Employer was 1.344978%, which was an increase of 0.037227% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized pension expense of $19.0 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	Primary Government				Component Units	
	State as Employer		State as Nonemployer Contributing Entity		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,668	$ 53,503	$ 199	$ 839	$ 215	$ 815
Changes of assumptions	1,048,595	—	16,445	—	15,932	—
Net difference between projected and actual earnings on pension plan investments	685,396	—	10,749	—	10,449	—
Changes in proportion and differences between State contributions and proportionate share of contributions	85,317	94,937	763	3,778	1,702	2,156
State contributions subsequent to the measurement date	752,597	—	10,445	—	11,740	—
Total	**$ 2,584,573**	**$ 148,440**	**$ 38,601**	**$ 4,617**	**$ 40,038**	**$ 2,971**

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $752.6 million and $10.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2024.

Component Units: State contributions as employer subsequent to the measurement date of $11.7 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2024.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

	Primary Government		Component Units
Year ended June 30:	**State as Employer**	**State as Nonemployer Contributing Entity**	**State as Employer**
2024	$ 887,961	$ 11,646	$ 12,998
2025	251,383	3,358	4,043
2026	17,091	268	260
2027	527,101	8,267	8,026
2028	—	—	—
Thereafter	—	—	—

Teachers Retirement System of Georgia

State's Proportionate Share of Net Pension Liability and Pension Expense

Primary Government: At June 30, 2023, the State reported a liability of $5.2 billion, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total pension liability to June 30, 2022. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the State’s proportion for the TRS plan as Employer was 15.896957%, which was a decrease of 0.429009% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized pension expense of $713.1 million.

At June 30, 2023, the State reported a liability of $65.5 million, for its proportionate share of the net pension liability, based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the State’s proportion was 0.201577% for certain full-time public school support personnel. For the year ended June 30, 2023, the State recognized expense of $3.0 million.

Component Units: At June 30, 2023, the State reported a liability of $175.3 million, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total pension liability to June 30, 2022. The State's proportion of the net pension liability was based on contributions to TRS during the fiscal year ended June 30, 2022. At June 30, 2022, the State’s proportion for the TRS plan as Employer was 0.539940%, which was a decrease of 0.025770% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized pension expense of $25.0 million.

NOTE 15 - RETIREMENT SYSTEMS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (amounts in thousands):

	Primary Government				Component Units	
	State as Employer		State as Nonemployer Contributing Entity		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 214,252	$ 26,866	$ 2,717	$ 341	$ 7,278	$ 913
Changes of assumptions	776,959	—	9,853	—	26,393	—
Net difference between projected and actual earnings on pension plan investments	1,014,073	—	12,860	—	34,447	—
Changes in proportion and differences between State contributions and proportionate share of contributions	48,395	178,550	3,043	5,138	3,726	7,581
State contributions subsequent to the measurement date	476,117	—	5,519	—	14,839	—
Total	**$ 2,529,796**	**$ 205,416**	**$ 33,992**	**$ 5,479**	**$ 86,683**	**$ 8,494**

Primary Government: State contributions as employer and nonemployer subsequent to the measurement date of $476.1 million and $5.5 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2024.

Component Units: State contributions as employer subsequent to the measurement date of $14.8 million are reported as deferred outflows of resources and will be recognized as a reduction of the NPL in the year ended June 30, 2024.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (amounts in thousands):

	Primary Government		Component Units
Year ended June 30:	**State as Employer**	**State as Nonemployer Contributing Entity**	**State as Employer**
2024	$ 490,539	$ 5,526	$ 17,389
2025	362,360	4,744	12,712
2026	267,131	3,477	8,764
2027	728,233	9,247	24,485
2028	—	—	—
Thereafter	—	—	—

H. Actuarial Methods and Assumptions (GASB 68)

The total pension liability, as of June 30, 2022, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement:

(Chart on next page)

NOTE 15 - RETIREMENT SYSTEMS (continued)

Actuarial Assumptions

Plan	Valuation date	Inflation	Salary increases	Investment rate of return[1]	Cost of Living Adjustment	Mortality	Actuarial experience study
ERS	6/30/2021	2.50%	3.00% - 6.75%*	7.00%	1.05% annually	Post-retirement mortality rates were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees - General Health Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males and adjusted 103% and 106% for males and females respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively). The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.	7/1/2014-6/30/2019
TRS	6/30/2021	2.50%	3.00% - 8.75%*	6.90%	1.5% semi-annually	Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (set forward one year and adjusted 106%) with the MP-2019 Projected scale applied generationally. The rates of improvement were reduced by 20% for all years prior to ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table (set forward one year and adjusted 106%) was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. Rates of improvement were reduced by 20% for all years prior to the ultimate rate.	7/1/2013-6/30/2018

[1]Investment rate of return is net of pension plan investment expense, including inflation.

*Includes respective inflation assumptions.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

	Target Allocation			
Asset Class	**ERS**		**TRS**	
	Target allocation	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***
Fixed Income	30.0 %	0.2%	30.0 %	0.2%
Domestic large equities	46.3 %	9.4 %	46.3 %	9.4 %
Domestic small equities	1.2 %	13.4 %	1.2 %	13.4 %
International developed market equities	12.3 %	9.4 %	12.3 %	9.4 %
International emerging market equities	5.2 %	11.4 %	5.2 %	11.4 %
Alternatives	5.0 %	10.5 %	5.0 %	10.5 %
Total	100.0 %		100.0 %	

* Rates shown are net of the 2.50% assumed rate of inflation.

Discount Rate

The discount rate used for ERS to measure the total pension liability, as of June 30, 2022, was 7.00%. The discount rate used for TRS to measure the total pension liability was 6.90%. The projection of cash flows used by each plan to determine the discount rate was assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The following schedule is presented from the perspective of the State as the employer and non-employer contributing entity and details the State's proportionate share of the Net Pension Liability (NPL)/Net Pension Asset (NPA), as of June 30, 2022. The NPL is calculated using the discount rate detailed below, as well as what the State's proportionate share of the NPL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

Sensitivity of the Net Pension Liability/Asset to Changes in the Discount Rate

	Primary Government			Component Units		
	1% Decrease	Current Discount Rate	1% Increase	1% Decrease	Current Discount Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)	(6.00%)	(7.00%)	(8.00%)
ERS's Net Pension Liability	$ 7,852,576	$ 5,898,936	$ 4,256,076	$ 119,572	$ 89,823	$ 64,807
SFS	123,150	92,512	66,747	—	—	—
Total ERS Net Pension Liability	$ 7,975,726	$ 5,991,448	$ 4,322,823	$ 119,572	$ 89,823	$ 64,807
	(5.90%)	(6.90%)	(7.90%)	(5.90%)	(6.90)%	(7.90%)
TRS's Net Pension Liability/(Asset)	$ 7,787,823	$ 5,161,424	$ 3,017,758	$ 264,513	$ 175,329	$ 102,498
SFS	98,751	65,456	38,266	—	—	—
Total TRS's Net Pension Liability/(Asset)	$ 7,886,574	$ 5,226,880	$ 3,056,024	$ 264,513	$ 175,329	$ 102,498

I. Defined Contribution Plans

GSEPS 401(k) Component of ERS Plan

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

NOTE 15 - RETIREMENT SYSTEMS (continued)

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. During the 2022 Legislative Session, the Georgia General Assembly approved a change to the GSEPS 401(k) employer match structure. The new structure increased the match and added a years of service component. Starting July 1, 2022, the employer match is dollar per dollar, up to 5% of pay, and GSEPS members with at least 6 years of service who are contributing a minimum of 5%, will get an additional half percent Employer match for every full year of service in excess of five years, up to a maximum match of 9%.

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the table below:

Less than 1 year	0%
1 year	20%
2 years	40%
3 years	60%
4 years	80%
5 or more years	100%

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant’s investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant’s date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or 30 days after retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Employees who die while actively employed and eligible for 401(k) employer matching contributions become fully vested in employer contributions upon death. Distributions are made in installments or in a lump sum.

There were 78,355 plan members and 453 participating employers in the plan at June 30, 2023. For the fiscal year ended June 30, 2023, the State’s employer and employee GSEPS contributions were $84.1 million and $95.1 million, respectively. Additionally, the State made contributions of $0.3 million on behalf of employers that are not in the reporting entity. Employer contributions may be partially funded from non-vested contributions that were forfeited by employees.

NOTE 15 - RETIREMENT SYSTEMS (continued)

Regents Retirement Plan

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the Georgia General Assembly in OCGA § 47-21-1. It is administered and may be amended by the Board of Regents of the University System of Georgia (Board of Regents). A participant in the plan is an “eligible university system employee” defined as a faculty member or all exempt full and partial benefit eligible employees as designated by the regulations of the Board. Under the Plan, a plan participant may purchase annuity contracts from three approved vendors (VALIC, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. The approved vendors have separately issued financial reports that may be obtained through their respective corporate offices.

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

The institutions of the University System of Georgia make monthly employer contributions for the Regents Retirement Plan at rates determined by the Board of Regents in accordance with State statute and as advised by their independent actuary. For the fiscal year ended June 30, 2023, the employer contribution was 9.24% of the participating employee's earned compensation, and employees contributed 6.00% of their earned compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. For the fiscal year ended June 30, 2023, employer and employee contributions were $150.5 million and $98.3 million, respectively.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS

The State administers various multiple-employer other postemployment benefit (OPEB) plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer.

The State's multiple-employer OPEB plans are:

- Plans Administered by Department of Community Health (DCH):
    - Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)
    - Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)
- State Employees' Assurance Department (SEAD-OPEB Plan), which is administered by Employees' Retirement System (ERS) (www.ers.ga.gov):

The financial statements for the State OPEB Fund, School OPEB Fund, and SEAD-OPEB Plan are presented in the Fiduciary Funds section of this report. The SEAD-OPEB Plan issues separate publicly available financial reports that include the applicable financial statements and required supplementary information.

A. Basis of Accounting

The financial statements of these plans are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net positions have been determined on the same basis as they are reported by the various plans.

B. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense are represented below:

OPEB Plans	Net Annual Money-Weighted Rate
State OPEB Fund	13.56 %
School OPEB Fund	13.54 %
SEAD-OPEB Plan	4.70%

For all plans mentioned above the money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. These three plans have investment policies regarding the allocation of invested assets, established on a cost basis in compliance with Georgia Statute. Plan assets are managed on a total return basis with a short-term objective of stability of principal while allowing for liquidity and a long-term objective of achieving and maintaining a fully funded status for the benefits provided through each OPEB plan.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2023:

	Target Allocation		
Asset Class	**State OPEB**	**School OPEB**	**SEAD-OPEB**
Fixed Income	30 %	30 %	25% - 45%
Equities	70 %	70 %	55% - 75%
Alternative Investments	— %	— %	0% - 5%
Total	**100.0 %**	**100.0 %**	**100.0 %**

C. Plans Descriptions and Funding Policies

State OPEB Fund and School OPEB Fund

Plan Description: The State OPEB Fund and School OPEB Fund are cost-sharing multiple-employer defined benefit postemployment healthcare plans and are reported as employee benefit trust funds. The Funds are administered by a Board of Community Health (Board) that is comprised of nine members, including two former State of Georgia employees and seven industry professionals. The OCGA § 45-18-25 and § 20-2-875, for the State and School OPEB funds respectively, assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees to the Board.

Benefits Provided: The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted. The plan designs offered for the 2023 plan year include various plan options. For Medicare-eligible members there are Medicare Advantage plan options (UnitedHealthcare and Blue Cross and Blue Shield of Georgia) Standard and Premium Plans. Alternatively, for non-Medicare eligible members the plan options include Health Reimbursement Arrangement Plan Options (Blue Cross and Blue Shield of Georgia Gold, Silver, Bronze), Health Maintenance Organization Plan Options (Blue Cross and Blue Shield of Georgia, Kaiser Permanente, and UnitedHealthcare), and a High Deductible Health Plan Option (UnitedHealthcare).

The School OPEB Fund provides postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers, including librarians, other certified employees of public schools, regional educational service agencies, and non-certified public school employees. Retiree medical eligibility is attained when an employee retires, and is immediately eligible to draw a retirement annuity from one of the State's retirement plans. If elected, dependent coverage starts on the same day as retiree coverage. It also pays administrative expenses of the fund. By law, no other use of the assets of the School OPEB Fund is permitted. The plan designs offered for the 2023 plan year include various plan options, which are the same options offered for the State OPEB fund as described in the previous paragraph.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Contributions: The State OPEB Fund and School OPEB Fund are currently funded on a pay-as-you-go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with historically, no significant assets accumulating, as would occur in an advance funding strategy.

The contribution requirements of plan members and participating employers are established by the Board in accordance with the 2023 Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. As of January 1, 2012, for members with fewer than five years of service, contributions also vary based on years of service. As of January 1, 2012, on average, members with five years or more of service pay approximately 25% of the cost of health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

The combined required employer contribution rates established by the Board for the active and retiree plans for the fiscal years ended June 30, 2023, were as follows:

Combined Active and State OPEB Fund Contribution Rates as a Percentage of Covered Payroll

State organizations, including technical colleges, and certain other eligible participating employers:

July July 2022 - June 2023	29.454%	for August 2022 - July 2023 coverage

Combined Active and School OPEB Fund Contribution Rates per Member per Month

Certificated teachers, librarians, regional educational service agencies, certain other eligible participating employers:

July 2022 - December 2022 and January 2023 - June 2023	$945.00 and $1,580.00	for August 2021 - January 2023 coverage and February 2023 - July 2023 coverage respectively

Library employees:

July 2022 - June 2023	$843.00	for August 2022 - July 2023 coverage

Non-certificated school personnel:

July 2022 - June 2023	$945.00	for August 2022 - July 2023 coverage

`

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

SEAD-OPEB Plan

Plan Description: The SEAD-OPEB Plan is a cost-sharing multiple-employer defined benefit other postemployment plan created by the 2007 Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). The SEAD-OPEB Plan provides benefits for retired and vested inactive members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under the SEAD-OPEB Plan. The SEAD-OPEB Plan is administered by the SEAD Board that is comprised of six members, the State Auditor, State Treasurer, Department of Administrative Services Commissioner, Labor Commissioner, and two members appointed by the Governor. Pursuant to Title 47 of the OCGA, benefit provisions of the plan was established and can be amended by State statute.

Benefits Provided: The SEAD-OPEB Plan provides postemployment insurance coverage on a monthly, renewable term basis, with no return premiums or cash value available to be earned. The amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree. The net position represents the excess accumulation of investment income and premiums over benefit payments and expenses and is held as a reserve for payment of death benefits under existing policies. Administrative costs for the plan are determined based on the plan's share of overhead costs to accumulate and invest funds, actuarial services, and to process benefit payments to beneficiaries. Administrative fees are financed from the assets of the plan.

Contributions: Contributions by plan members are established by the SEAD Board, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The SEAD Board establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. There were no employer contributions required for fiscal year ended June 30, 2023. Contributions were based on actuarial valuations, and for fiscal year 2023 were as follows:

	SEAD-OPEB Plan Percentage
Member Rates:	
ERS Old Plan	0.45 %
Less: Offset Paid by Employer	(0.22%)
Net ERS Old Plan	0.23 %
ERS New Plan, JRS, and LRS	0.23 %
Employer Rates/Amounts	0.00 %

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

D. Plan Membership and Participating Employers

The following table summarizes the participating membership and participating employers at June 30, 2023:

Participating Membership by Plan
June 30, 2023

Plan Membership	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Inactive plan members or beneficiaries currently receiving benefits	37,579	91,245	44,212
Inactive plan members entitled to but not yet receiving benefits	—	—	1,061
Active plan members	44,690	176,991	15,518
Total	**82,269**	**268,236**	**60,791**
Open to New Members (Yes/No)	Yes	Yes	No
Number of Employers	185	255	384

These counts treat each legal entity in the State reporting entity as one employer.

E. Net OPEB Liability/(Asset)

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the various Plans and summarizes the components of the Net OPEB Liability (NOL)/ Net OPEB Asset (NOA), as of June 30, 2023, by Plan (amounts in thousands):

Components of the Net OPEB Liability/ (Asset)	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Total OPEB Liability	$ 2,314,185	$ 11,658,704	$ 991,143
Plan Fiduciary Net Position	2,030,744	705,291	1,432,148
Net OPEB liability/(asset)	$ 283,441	$ 10,953,413	$ (441,005)
Plan fiduciary net position as a percentage of the total OPEB liability	87.75 %	6.05 %	144.49 %

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

F. Actuarial Methods and Assumptions

For the State OPEB fund and School OPEB fund, the impacts of the Affordable Care Act (ACA) and the Inflation Reduction Act (IRA) was addressed in the valuations. Review of the information currently available did not identify any specific provisions of the legislation that are anticipated to directly impact results at this time other than plan design features and fees currently mandated by the ACA and incorporated in the plan designs, which are included in the current baseline claim costs, and the anticipation of potential changes to Medicare due to the IRA, which are included in our trend assumption. Continued monitoring of the impact on the Plan's liability due to this and other legislation, if applicable, will be required. Additionally, the impact of the COVID-19 pandemic was considered in this valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward. Continued monitoring of the COVID-19 impact on the Plan's liability will also be required.

For the SEAD-OPEB Plan, the annual actuarial valuations providing the measures to assess funding progress will utilize the actuarial methods and assumptions last adopted by the SEAD Board based upon the advice and recommendations of the actuary. The SEAD Board will periodically have actuarial projections of the valuation results performed to assess the current and expected future progress towards the overall funding goals of the Plan.

Projections of benefits for financial reporting purposes for all plans are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2023, is based upon the June 30, 2022 actuarial valuation for State OPEB Fund, School OPEB Fund and the SEAD-OPEB Plan, using generally accepted actuarial procedures/techniques.

Actuarial Assumptions

The total OPEB liability, as of June 30, 2023, for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

(Chart on next page)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Actuarial Assumptions

	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Valuation date	6/30/2022	6/30/2022	6/30/2022
Inflation	2.50%	2.50%	2.50%
Salary increases	3.00% - 6.75%*	3.00% - 8.75%*	3.00% - 6.75%*
Long-term expected rate of return [1]	7.00%	7.00%	7.00%
Initial Healthcare Cost Trend	7.00%	7.00%	N/A
Ultimate Trend Rate	4.00%	4.50%	N/A
Year Ultimate Trend is Reached	2032	2032	N/A
Mortality	Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 105% for females) with the MP-2019 Projection scale applied generationally.	For TRS: Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Postretirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate. Public School Employees Retirement System (PSERS): Pre-retirement mortality rates were based on the Pub-2010 Below-Median General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Below-Median Annuitant Mortality Table (ages set forward two years and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Postretirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Below-Median Contingent Survivor Mortality Table (ages set forward two years and adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.	The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Post-retirement mortality rates for were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale and further adjustments, as follows: service retirees - General Healthy Annuitant Table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively).
Actuarial experience study	7/1/2014 - 6/30/2019	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations, for the State and School OPEB funds, are based on the results of the most recent actuarial experience studies which covered the five year period ending June 30, 2019, and June 30, 2018, respectively. Various assumptions and methods have been revised to reflect the results of the TRS experience study for the five-year period ending June 30, 2018. With the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50% effective with the June 30, 2018 valuation, for School OPEB funds. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2022 valuation for the State and School OPEB funds were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

The actuarial assumptions used in the valuation for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2019. The assumed investment rate of return was lowered from 7.30% to 7.00%, and the assumed annual rate of inflation from 2.75% to 2.50% in the experience study.

Long-Term Expected Rate of Return

For all plans, the long-term expected rate of return on OPEB plan investments were determined using a log-normal distribution analysis, in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized by plan in the table below:

	Target Allocation					
	State-OPEB Fund		School-OPEB Fund		SEAD-OPEB Plan	
Asset Class	**Target allocation**	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***
Fixed Income	30.0 %	1.5%	30.0 %	1.5%	30.0 %	0.9%
Domestic large equities	70.0 %	9.4 %	70.0 %	9.4 %	46.3 %	9.4 %
Domestic small equities	—	—	—	—	1.2 %	13.4 %
International developed market equities	—	—	—	—	12.3 %	9.4 %
International emerging market equities	—	—	—	—	5.2 %	11.4 %
Alternatives	—	—	—	—	5.0 %	10.5 %
Total	**100.0 %**		**100.0 %**		**100.0 %**	

* Rates shown are net of the respective assumed rates of inflation.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Discount Rate

In order to measure the total OPEB liability, as of June 30, 2023, for the State OPEB fund, a single equivalent rate of 7.00% was used as the discount rate, the same as last year's rate. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2122.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest rate of 3.68% was used as the discount rate, as compared with last year's rate of 3.57%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation bonds with an average rating of AA or higher (3.65% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2128.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB Plan was 7.00%, the same as last year's rate. The projection of cash flows used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2023. The NOL/(NOA) is calculated using the determined discount rate as well as what the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amounts in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability/(Asset) to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)
State's Net OPEB Liability	$ 507,968	$ 283,441	$ 89,992
	(2.68%)	(3.68%)	(4.68%)
School's Net OPEB Liability	$ 12,416,198	$ 10,953,413	$ 9,721,437
	(6.00%)	(7.00%)	(8.00%)
SEAD-OPEB Plan's Net OPEB (Asset)	$ (310,898)	$ (441,005)	$ (547,781)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends

The following schedule summarizes the NOL/(NOA) of the employers, as of June 30, 2023. The NOL/(NOA) is calculated using the determined healthcare cost trends as well as what the NOL/(NOA) would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Plan (amounts in thousands):

**Sensitivity of the Plan Participating Employer Contributing Entities
Net OPEB Liability/(Asset) to Changes in Healthcare Cost Trends**

	1% Decrease	Current Rate	1% Increase
State's Net OPEB Liability	$ 59,184	$ 283,441	$ 546,769
School's Net OPEB Liability	$ 9,434,912	$ 10,953,413	$ 12,825,395
SEAD-OPEB Plan's Net (Asset)	N/A	N/A	N/A

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The following information is from the perspective of the State as the employer.

G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportionate share of the OPEB amounts for each plan as of June 30, 2023 is as follows (amounts in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 413,111	$ 63,766
OPEB assets	$ 328,858	$ 4,046
Deferred outflows of resources related to OPEBs	$ 490,015	$ 25,983
Deferred inflows of resources related to OPEBs	$ 544,625	$ 48,505
OPEB expense/expenditures	$ (433,375)	$ (3,380)

The information below includes all multi-employer plans and funds administered by the State of Georgia.

The NOL/NOA for each plan was measured as of June 30, 2022. The total OPEB liability/asset used to calculate the NOL/NOA for each plan was based on an actuarial valuation as of June 30, 2021 for State, School, and SEAD.

State OPEB Fund

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Primary Government: At June 30, 2023, the State reported a liability of $413.1 million for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2022. The State's proportion of the net OPEB liability was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2022, the State’s proportion for the State plan as employer was 91.941691%, which was an increase of 0.493561% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized OPEB expense of $(384.9) million.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Component Units: At June 30, 2023, the State reported a liability of $0.8 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2022. The State's proportion of the net OPEB liability was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2022, the State’s proportion for the State plan as Employer was 0.177292%, which was an increase of 0.003162% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized OPEB expense of $(0.9) million.

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Primary Government		Component Units	
	State as Employer		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,985	$ 401,689	$ 25	$ 775
Changes of assumptions	7,381	50,845	14	98
Net difference between projected and actual earnings on OPEB plan investments	149,867	—	289	—
Changes in proportion and differences between State contributions and proportionate share of contributions	80,456	84,453	133	217
State contributions subsequent to the measurement date	162,864	—	449	—
Total	**$ 413,553**	**$ 536,987**	**$ 910**	**$ 1,090**

Primary Government: State contributions as employer subsequent to the measurement date of $162.9 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2024.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Component Units: State contributions as employer subsequent to the measurement date of $0.4 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Primary Government	Component Units
Year ended June 30:	**State as Employer**	**State as Employer**
2024	$ (205,967)	$ (534)
2025	(115,641)	(319)
2026	(15,606)	(54)
2027	50,916	278
2028	—	—
Thereafter	—	—

<u>**School OPEB Fund**</u>

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Component Units: At June 30, 2023, the State reported a liability of $63.0 million, for it's proportionate share of net OPEB liability. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2022. The State's proportion of the net OPEB liability was based on the State’s proportion of the prior year contributions received by the OPEB plan relative to the contributions for all participants in the plan. At June 30, 2022, the State’s proportion for the School plan as Employer was 0.635845% which was a decrease of 0.028136% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized OPEB expense of $(1.9) million.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Component Units	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,513	$ 24,749
Changes of assumptions	9,590	12,736
Net difference between projected and actual earnings on OPEB plan investments	384	—
Changes in proportion and differences between State contributions and proportionate share of contributions	9,478	9,796
State contributions subsequent to the measurement date	2,213	—
Total	**$ 24,178**	**$ 47,281**

Component Units: State contributions as employer subsequent to the measurement date of $2.2 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Component Units
Year ended June 30:	**State as Employer**
2024	$ (6,061)
2025	(5,059)
2026	(4,360)
2027	(6,071)
2028	(3,351)
Thereafter	(414)

State Employees' Assurance Department (SEAD-OPEB Plan)

State's Proportionate Share of Net OPEB Asset and OPEB Expense

Primary Government: At June 30, 2023, the State reported an asset of $328.9 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2022. The State's proportion of the net OPEB asset was based on the State's proportion of the prior year payroll of SEAD members. At June 30, 2022, the State's proportion for

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

the SEAD plan as Employer was 89.463755%, which was a decrease of 0.231072% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized OPEB expense of $(48.4) million.

Component Units: At June 30, 2023, the State reported an asset of $4.0 million, for it's proportionate share of net OPEB asset. The net OPEB asset was measured as of June 30, 2022. The total OPEB asset used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2021, with standard roll-forward techniques performed to update the total OPEB asset to June 30, 2022. The State's proportion of the net OPEB asset was based on the State's proportion of the prior year payroll of SEAD members. At June 30, 2022, the State's proportion for the SEAD plan as Employer was 1.107714%, which was an increase of 0.051417% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the State recognized OPEB expense of $(0.5) million.

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Primary Government		Component Units	
	State as Employer		State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,509	$ 100	$ 19	$ 1
Changes of assumptions	—	1,561	—	19
Net difference between projected and actual earnings on OPEB plan investments	68,552	—	843	—
Changes in proportion and differences between State contributions and proportionate share of contributions	6,401	5,977	33	114
State contributions subsequent to the measurement date	—	—	—	—
Total	$ 76,462	$ 7,638	$ 895	$ 134

There were no State contributions as employer subsequent to the measurement date.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Primary Government	Component Units
Year ended June 30:	State as Employer	State as Employer
2024	$ 8,140	$ 20
2025	6,732	83
2026	2,566	32
2027	51,386	626
2028	—	—
Thereafter	—	—

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

H. Actuarial Methods and Assumptions (GASB 75)

The total OPEB liability for each plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

Actuarial Assumptions

	State OPEB Fund	School OPEB Fund	SEAD-OPEB Plan
Valuation date	6/30/2021	6/30/2021	6/30/2021
Inflation	2.50%	2.50%	2.50%
Salary increases	3.00% - 6.75%*	3.00% - 8.75%*	3.00% - 6.75%*
Long-term expected rate of return [1]	7.00%	7.00%	7.00%
Initial Healthcare Cost Trend			
Pre-Medicare Eligible	6.50%	6.50%	N/A
Medicare Eligible	5.00%	5.00%	N/A
Ultimate Trend Rate			
Pre-Medicare Eligible	4.50%	4.50%	N/A
Medicare Eligible	4.50%	4.50%	N/A
Year Ultimate Trend is Reached			
Pre-Medicare Eligible	2029	2029	N/A
Medicare Eligible	2023	2023	N/A
Mortality	Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirement were based on the Pub-2010 General Healthy Annuitant Mortality Tables (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 105% for females) with the MP-2019 Projection scales applied generationally	For Teachers Retirement System of Georgia (TRS): Post-retirement mortality rates for service retirements and beneficiaries were based on the Pub-2010 Teachers Headcount Weighted Below Median Healthy Retiree mortality table (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. Post-retirement mortality rates for disability retirements were based on the Pub-2010 Teachers Mortality Table for Disabled Retirees (ages set forward one year and adjusted 106%) with the MP-2019 Projection scale applied generationally. The rates of improvement were reduced by 20% for all years prior to the ultimate rate. The Pub-2010 Teachers Headcount Weighted Below Median Employee mortality table with ages set forward one year and adjusted 106% was used for death prior to retirement. Future improvement in mortality rates was assumed using the MP-2019 projection scale generationally. These rates of improvement were reduced by 20% for all years prior to the ultimate rate. For Public School Employees Retirement System (PSERS): Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, with no adjustment, with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 101% for males and 103% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 104% for males and 99% for females) with the MP-2019 Projection scale applied generationally.	The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service. Post-retirement mortality rates for were based on the Pub-2010 Family of Tables, with the MP-2019 projection scale applied generationally, as follows: service retirees - General Healthy Annuitant mortality table with further adjustments (set forward one year and adjusted 105% and 108% respectively for males and females); disability retirees - General Disabled Table (set back three years for males, and adjusted 103% and 106% for males and females, respectively); beneficiaries - General Contingent Survivors Table (set forward two years for both males and females and adjusted 106% and 105% respectively).
Actuarial Experience Study	7/1/2014 - 6/30/2019	7/1/2013 - 6/30/2018	7/1/2014 - 6/30/2019

[1] Long-term expected rate of return is net of investment expense, including inflation

*Includes respective inflation assumption.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

The actuarial assumptions used in the valuations, for the State and School OPEB funds, are based on the results of the most recent actuarial experience studies, which covered the last five year period ending June 30, 2019, and June 30, 2018, respectively. Various assumptions and methods have been revised to reflect the results of the TRS experience study for the five-year period ending June 30, 2018. With the exception of the assumed annual rate of inflation which was changed from 2.75% to 2.50% effective with the June 30, 2018 valuation for School OPEB funds. The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rates of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation for the State and School OPEB funds were based on a review of the recent plan experience done concurrently with the June 30, 2021 valuation.

The actuarial assumptions used in the valuation for the SEAD-OPEB Plan were based on the results of an actuarial experience study, which covered the five year period ending June 30, 2019. Based on the funding policy adopted by the Board, the assumed investment rate of return was lowered from 7.30% to 7.00%. Also, the assumed annual rate of inflation was lowered from 2.75% to 2.50%.

Long-Term Expected Rate of Return

For all plans, the long-term expected rate of return on OPEB plan investments were determined using a log-normal distribution analysis, in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the table below:

	Target Allocation					
	State-OPEB Fund		School-OPEB Fund		SEAD-OPEB Plan	
Asset Class	**Target allocation**	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***	**Target allocation**	**Long-term expected real rate of return***
Fixed Income	30.0 %	2.0%	30.0 %	2.0%	30.0 %	0.2%
Domestic large equities	70.0 %	9.4 %	70.0 %	9.4 %	46.3 %	9.4 %
Domestic small equities	—	—	—	—	1.2 %	13.4 %
International developed market equities	—	—	—	—	12.3 %	9.4 %
International emerging market equities	—	—	—	—	5.2 %	11.4 %
Alternatives	—	—	—	—	5.0 %	10.5 %
Total	**100.0 %**		**100.0 %**		**100.0 %**	

* Rates shown are net of the respective assumed rates of inflation.

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Discount Rate

In order to measure the total OPEB liability for the State OPEB, a single equivalent rate of 7.00% was used as the discount rate, the same as last year's rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Projected future benefit payments for all current plan members were projected through 2120.

In order to measure the total OPEB liability for the School OPEB, a single equivalent interest of 3.57% was used as the discount rate, as compared with the prior measurement period date rate of 2.20%. This is comprised mainly of the yield or index rate for 20 year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.54% per the Municipal Bond Index Rate). The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as averaged over the last five years, adjusted for annual projected changes in head count. Projected future benefit payments for all current plan members were projected through 2128.

The discount rate used to measure the total OPEB liability for the SEAD-OPEB plan was 7.00%, the same as last year's rate. The projection of cash flow used to determine the discount rate assumed that plan member insurance premiums will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the discount rate

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate

	Primary Government			Component Units		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
	(6.00%)	(7.00%)	(8.00%)	(6.00%)	(7.00%)	(8.00%)
State's Net OPEB Liability	$ 606,892	$ 413,111	$ 245,619	$ 1,170	$ 797	$ 474
	(2.57%)	(3.57%)	(4.57%)	(2.57%)	(3.57%)	(4.57%)
School's Net OPEB Liability	$ —	$ —	$ —	$ 54,255	$ 62,969	$ 73,678
	(6.00%)	(7.00%)	(8.00%)	(6.00%)	(7.00%)	(8.00%)
SEAD Plan's Net OPEB (Asset)	$ (212,271)	$ (328,858)	$ (424,335)	$ (2,628)	$ (4,046)	$ (5,254)

NOTE 16 - POSTEMPLOYMENT BENEFITS - MULTI-EMPLOYER PLANS (continued)

Sensitivity of the State's proportionate share of the NOL/(NOA) to changes in the Healthcare Cost Trends

The following schedule is presented from the perspective of the State as the employer details the State's proportionate share of the NOL/(NOA) calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trends

	Primary Government			Component Units		
	1% Decrease	Current Rate	1% Increase	1% Decrease	Current Rate	1% Increase
State's Net OPEB Liability	$ 217,667	$ 413,111	$ 642,111	$ 420	$ 797	$ 1,238
School's Net OPEB Liability	$ —	$ —	$ —	$ 71,225	$ 62,969	$ 55,971
SEAD Plan's Net OPEB (Asset)	N/A	N/A	N/A	N/A	N/A	N/A

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS

The State administers various single-employer other postemployment benefit (OPEB) plans. The State is the plan sponsor (Plan) of these plans and in many cases the participating employer (Employer). The notes to the financial statements and required supplementary information that follow are presented from the perspective of the State as Plan sponsor and the State as Employer.

The State's significant single-employer OPEB plan is:

- Board of Regents Retiree Health Benefit Fund (Regents Plan), which is administered by the Board of Regents of the University System of Georgia (Board of Regents) (www.usg.edu/regents)

Each of these plans issue separate publicly available financial reports that include the applicable financial statements and required supplementary information.

There are other single-employer OPEB plans deemed to be not significant, in which the related OPEB activities are presented in the Component Unit financial statements of this report. However, these other plans are not included in the notes to the financial statements and required supplementary information, as follows:

- Augusta University (AU) Medical Associates Retiree Plan (www.usg.edu/regents)
- Georgia Ports Authority Retiree Medical and Dental Plan (www.gaports.com)
- Georgia World Congress Center Authority Post-Employment Health Benefit Plan (www.gwcca.org)
- Georgia Public Telecommunications Commission Post-Employment Health Benefits Plan (www.gpb.org)

A. Basis of Accounting

The financial statements of this plan are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions from the employer are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The OPEB plan's fiduciary net position has been determined on the same basis as reported by the plan.

B. Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

For the fiscal year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, for the Regents Plan was 3.67%.

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The Regents Plan has an investment policy regarding the allocation of invested assets. The assets are invested in the Board of Regents' Balanced Income pooled investment fund, which is not subject to state regulations concerning investments. Plan assets are managed on a total return basis with a short-term objective of achieving the highest quality per stable and a long-term objective of a more conservative investment strategy.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The following table summarizes the adopted asset allocation policy by plan at June 30, 2023:

Asset Class	Target Allocation
Fixed Income	70.0 %
Equities	30.0 %
Total	**100.0 %**

C. Plan Description and Funding Policy

Regents Plan

Plan Description: The Regents Plan is a single-employer, defined benefit, postemployment healthcare plan administered by the University System Office, an organizational unit of the University System of Georgia (USG). The Regents Plan was authorized pursuant to OCGA § 47-21-21 for the purpose of accumulating funds necessary to meet employer costs of retiree postemployment health insurance benefits. The Plan is administered by the Board of Regents that is comprised of 19 members, all appointed by the Governor (five from state-at-large and one from each of the State's 14 congressional districts). Benefit provisions of the plans were established and can be amended by the Board of Regents.

Benefits Provided: Pursuant to the general powers conferred by OCGA § 20-3-31, the USG has established group health and life insurance programs for regular employees of the USG. It is the policy of the USG to permit employees of the USG eligible for retirement or who become permanently and totally disabled to continue as members of the group health and life insurance programs. The USG offers its employees and retirees under the age of 65 access to three self-insured healthcare plan options and one fully insured plan option. For the USG’s Plan Year 2023, the following self-insured health care options were available: Blue Choice HMO plan, Consumer Choice HSA plan (Blue Cross and Blue Shield of Georgia), and the Comprehensive Care plan (Blue Cross and Blue Shield of Georgia). The USG also offers a self-insured dental plan administered by Delta Dental.

Retirees age 65 and older participate in a secondary healthcare coverage for Medicare-eligible retirees and dependents provided through a retiree health care exchange option. The USG makes contributions to the retirees’ health reimbursement account, which can be used by the retiree to pay premiums and out-of-pocket healthcare related expenses.

Contributions: The contribution requirements of plan members and the employer are established and may be amended by the Board of Regents. The Regents Plan is substantially funded on a pay-as-you-go basis; however, amounts above the pay-as-you-go basis may be contributed annually, either by specific appropriation or by Board of Regents designation. Organizational units of the USG pay the employer portion for group insurance for eligible retirees. The employer portion of health insurance for its eligible retirees is based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2023 plan year, the employer rate was approximately 84% of the total health insurance cost for eligible retirees, and the retiree rate was approximately 16%. For employees hired on or after January 1, 2013 and retirees after January 1, 2018, the amount the USG contributes is tied to year of service, which ranges from 0% to 100%. The employer covers the total premium cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or dependent life insurance coverage, such costs are borne entirely by the retiree. For fiscal year ended June 30, 2023, the USG contributed approximately $101.5 million to the plan for current premiums or claims.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

D. Plan Membership and Participating Employers

The following table summarizes the participating membership and participating employers, for the Regents Plan at June 30, 2023:

Plan Membership	June 30, 2023	June 30, 2022
Inactive plan members or beneficiaries currently receiving benefits	22,083	21,779
Inactive plan members entitled to but not yet receiving benefits	—	—
Active plan members	46,902	45,506
Total	**68,985**	**67,285**
Open to New Members (Yes/No)	Yes	Yes
Number of Employers	1	1

This count treats each legal entity in the State reporting entity as one employer.

E. Net OPEB Liability of Participating Employers

Net OPEB Liability

For defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 74 requires the net OPEB liability to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The total OPEB liability is actuarially determined. The following schedule is presented from the perspective of the State as the sponsor of the Regents Plan and summarizes the components of the Net OPEB Liability (NOL) of the employer, as of June 30, 2023 (amounts in thousands):

Components of the Net OPEB Liability	
Total OPEB Liability	$ 3,396,082
Plan Fiduciary Net Position	218,735
Net OPEB liability	$ 3,177,347
Plan fiduciary net position as a percentage of the total OPEB liability	6.44 %

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2023, is based upon May 1, 2023 actuarial valuation for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2023.

Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date:

Valuation date	May 1, 2023
Inflation	2.30%
Salary increases	3.75%
Long-term expected rate of return [1]	5.40%
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.70%
Medicare Eligible	2.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	2.00%
Year Ultimate Trend is Reached	
Pre-Medicare Eligible	2034
Medicare Eligible	2023
Mortality	Pub-2010 for Teachers headcount weighted projected with scale MP-2021.
Actuarial experience study	
Economic and demographic assumptions	7/1/2016 - 6/30/2019
Disability and Salary Increases assumptions	7/1/2013 - 6/30/2018

[1] Long-term expected rate of return is net of investment expense, including inflation

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019, with the exception of the disability and salary increase assumption. These actuarial assumptions are based on the results of the most recent actuarial experience study of the Teachers Retirement System of Georgia, which covered the five-year period ending June 30, 2018.

Long-Term Expected Rate of Return

For the Regents Plan, the long-term expected rate of return on OPEB plan investments were determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table below:

Asset Class	Target allocation	Long-term expected real rate of return*
Fixed Income	70.0 %	1.63 %
Equity Allocation	30.0 %	4.52 %
Total	100.0 %	3.03 %

* Rates shown are net of the 2.30% assumed rate inflation.

Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2023, a single equivalent yield or index rate of 3.69% was used as the discount rate, as compared with last year's yield or index rate of 3.54%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.65% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2120.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following schedule summarizes the NOL, as of June 30, 2023, of the employer. The NOL is calculated using the determined discount rate as well as what the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate by the Regents Plan (amounts in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	2.69%	3.69%	4.69%
Regents OPEB Liability	$ 3,691,038	$ 3,177,347	$ 2,759,951

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends

The following schedule summarizes the NOL of the employer, as of June 30, 2023. The NOL is calculated using the determined healthcare cost trends as well as what the NOL would be if it were calculated using healthcare cost trends that are 1-percentage-point lower or 1-percentage-point higher than the current rate by the Regents Plan (amounts in thousands):

Sensitivity of the Plan Participating Employer Contributing Entities Net OPEB Liability to Changes in Healthcare Cost Trends

	1% Decrease	Current Rate	1% Increase
Regents OPEB Liability	$ 2,787,337	$ 3,177,347	$ 3,661,817

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The following information is from the perspective of the State as the employer.

G. State's Proportionate Share of OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The State reported a liability as the Employer for its proportionate share of the NOL associated with the plans listed below.

The following schedule is presented from the perspective of the State as the Employer details the proportionate share of the OPEB amounts for each plan as of June 30, 2023 is as follows (amounts in thousands):

Aggregate OPEB Amounts - All Plans

	Primary Government	Component Units
OPEB liabilities	$ 3,961,320	$ 39,385
Deferred outflows of resources related to OPEBs	$ 641,018	$ 12,402
Deferred inflows of resources related to OPEBs	$ 1,459,717	$ 23,031
OPEB expense/expenditures	$ (42,998)	$ (4)

The information below includes all significant plans and funds administered by the State of Georgia.

The NOL for the Regents Plan was measured as of June 30, 2022. The total OPEB liability used to calculate the NOL was based on an actuarial valuation as of May 1, 2022.

Regents Plan

State's Proportionate Share of Net OPEB Liability and OPEB Expense

Primary Government: At June 30, 2023, the State reported a net OPEB liability of $4.0 billion, for the Regents Plan. The net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of May 1, 2022, with standard roll-forward techniques performed to update the total OPEB liability to June 30, 2022. The net OPEB liability was based on contributions during the fiscal year ended June 30, 2022. For the year ended June 30, 2023, the State recognized OPEB expense of $(43.0) million.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

State's Proportionate Share of Deferred Outflows/Inflows of Resources

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to the Regents Plan from the following sources (amounts in thousands):

	Primary Government	
	State as Employer	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 182,911	$ 33,174
Changes of assumptions	340,595	1,426,543
Net difference between projected and actual earnings on OPEB plan investments	16,026	—
State contributions subsequent to the measurement date	101,486	—
Total	**$ 641,018**	**$ 1,459,717**

Primary Government: State contributions as Employer subsequent to the measurement date of $101.5 million are reported as deferred outflows of resources and will be recognized as a reduction of the NOL in the year ended June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (amounts in thousands):

	Primary Government
Year ended June 30:	**State as Employer**
2024	$ (254,762)
2025	(253,028)
2026	(247,453)
2027	(161,609)
2028	(3,333)
Thereafter	—

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Changes in the Net OPEB Liability

For single-employer, defined benefit OPEB plans that are administered through trusts that meet the specified criteria, GASB 75 requires a schedule of the changes in the net OPEB liability, for the current reporting period. The following schedule is presented from the perspective of the State as the Employer of the Regents Plan and summarizes the changes the Net OPEB Liability (NOL) of the employer (amounts in thousands):

Total OPEB liability:	
Service cost	$ 139,285
Interest	115,866
Benefit changes	—
Differences between expected and actual experience	(24,857)
Changes of assumptions	(1,179,498)
Benefit payments/refunds	(105,951)
Net change in total OPEB liability	(1,055,155)
Total OPEB liability-beginning	5,228,380
Total OPEB liability-ending (a)	4,173,225
Plan fiduciary net position:	
Contributions-employer	146,343
Net investment income	(22,284)
Benefit payments/refunds	(105,951)
Administrative expense	(1,503)
Net change in plan fiduciary net position	16,605
Plan fiduciary net position-beginning	195,299
Plan fiduciary net position-ending (b)	211,904
Net OPEB liability-ending (a)-(b)	$ 3,961,321

H. Actuarial Methods and Assumptions (GASB 75)

Projections of benefits for financial reporting purposes for this Plan is based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

Actuarial Valuation Date

The total OPEB liability at June 30, 2022, is based upon the actuarial valuation for May 1, 2022 for the Regents Plan, using generally accepted actuarial procedures/techniques. Update procedures were used to roll forward the total OPEB liability to June 30, 2022.

.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

Actuarial Assumptions

The total OPEB liability for the Regents Plan was determined by an actuarial valuation date indicated in the table below using the following actuarial assumptions:

Valuation date	5/1/2022
Inflation	2.40%
Salary increases	3.75%
Long-term expected rate of return [1]	4.36%
Initial Healthcare Cost Trend	
Pre-Medicare Eligible	7.00%
Medicare Eligible	4.00%
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50%
Medicare Eligible	4.00%
Year Ultimate Trend is Reached	
Pre-Medicare Eligible	2034
Medicare Eligible	2022
Mortality	Healthy: Pub-2010 for Teacher headcount weighted project with scale MP-2021
Actuarial experience study	
Economic and demographic assumptions	7/1/2016 - 6/30/2019
All other assumptions	7/1/2013 - 6/30/2018

[1] Long-term expected rate of return is net of investment expense, including inflation

The economic and demographic assumptions are based on the results of the most recent actuarial experience study over the Plan, which covered a three-year period ending June 30, 2019. All other assumptions are based on the results of the most recent actuarial experience study of the Teacher's Retirement System of Georgia, which covered the five year period ending June 30, 2018.

Long-Term Expected Rate of Return

For the Regents Plan, the long-term expected rate of return on OPEB plan investments was determined using a building-block method, in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 17 - POSTEMPLOYMENT BENEFITS - SINGLE-EMPLOYER PLANS (continued)

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table below:

Asset Class	Target allocation	Long-term expected real expected rate of return*
Fixed Income	70%	0.34 %
Equity Allocation	30%	4.03 %
Total	100.0 %	1.91 %

* Rates shown are net of the 2.40% assumed rate of inflation.

Discount Rate

In order to measure the total OPEB liability for the Regents Plan, as of June 30, 2022, a yield or index rate of 3.54% was used as the discount rate, as compared with last year's single equivalent interest rate of 2.18%. This is comprised mainly of the yield or index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA or higher (3.54% per the Bond Buyers Index). Assumed contributions are based on the contribution policy, and projected total contributions are the pay as you go costs of the plan. The current contribution policy is not designed to pre-fund the plan, and the unfunded liability is not expected to be paid off at any point in the future. Projected future benefit payments for all current plan members were projected through 2119.

Sensitivity of the State's proportionate share of the NOL to changes in the Discount Rate

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2022. The NOL was calculated using the discount rate detailed below, as well as what the State's proportionate share of the NOL would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

Sensitivity of the Employer Net OPEB Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	(2.54%)	(3.54%)	(4.54%)
Regents Net OPEB Liability	$ 4,705,630	$ 3,961,321	$ 3,375,506

Sensitivity of the State's proportionate share of the NOL to changes in Healthcare Cost Trends

The following schedule is presented from the perspective of the State as the Employer and details the State's proportionate share of the NOL, as of June 30, 2022. The NOL was calculated using the healthcare cost trends detailed below, as well as what the State's proportionate share of the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate (amounts in thousands):

Sensitivity of the Employer Net OPEB Liability to Changes in the Health Care Cost Trends

	1% Decrease	Current Rate	1% Increase
Regents Net OPEB Liability	$ 3,399,206	$ 3,961,321	$ 4,683,167

NOTE 18 - RISK MANAGEMENT

A. Public Entity Risk Pool

The Department of Community Health (DCH) administers the State Health Benefit Plan (SHBP) for the State. Under OCGA § 45-18-2, the DCH Board has the authority to establish a health insurance plan; provide rules and regulations; and general provisions of the plan. The plan is comprised of three health insurance plans: (1) a plan primarily for State employees OCGA § 45-18-2, (2) a plan for teachers OCGA § 20-2-881, and (3) a plan for non-certificated public school employees OCGA § 20-2-911. The SHBP acts as the plan administrator for approximately 450 organizations (state, county and local educational agencies) and provides health coverage to more than 0.6 million employees, teachers, retirees and their dependents. All employees become members of the plan unless coverage is rejected or waived. An employee may withdraw from the plan if they become eligible for coverage under the aged program of the Social Security Administration OCGA § 45-18-17. SHBP accepts all of the risk of insuring its employees.

SHBP is accounted for on the accrual basis. Claim liabilities are based on estimates for claims that have been incurred, but not reported. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimates of liabilities for incurred, (both reported and unreported) but unpaid are actuarially determined based on estimates of the ultimate cost of settling claims, using past experience adjusted for current trends and any other factors that would modify past experience. Because actual claim liabilities depend on such factors as inflation, changes in legal doctrines and damage awards, the process used in computing claim liabilities may not result in an exact amount. Claim liabilities are evaluated periodically to take into consideration recently settled claims, the frequency of claims and other economic and social factors.

SHBP's general objectives as required under Georgia Compensation Rules & Regulations OCGA § 111-4-1 are to collect enrollment information from covered employer groups, collect health premiums and employer contributions, and provide management and planning of health benefits.

DCH utilizes third party administrators to process Medicaid, PeachCare, and State employee health benefit claims. Agreements between individual administrators and DCH are for the processing of specific claim types. If an administrator was unable to continue processing claims for DCH under such an agreement, the DCH's ability to adjudicate such claims in the short-term could be threatened.

The following table provides information about the changes in the reported claims liabilities for the past two years (amounts in thousands):

(Table on next page)

NOTE 18 - RISK MANAGEMENT (continued)

	Public Entity Risk Pool	
	Fiscal Year Ended 6/30/2023	Fiscal Year Ended 6/30/2022
Unpaid Claims and Claim Adjustments July 1	**$ 367,520**	**$ 251,651**
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	3,537,499	3,404,563
Decrease in provision for insured events of the prior fiscal year	(376,077)	(50,602)
Total incurred claims and claim adjustment expenses	3,161,422	3,353,961
Payments:		
Claims and claim adjustment attributable to insured events of the current year	(3,189,420)	(3,040,861)
Claims and claim adjustment attributable to insured events of the prior year	19,324	(197,231)
Total Payments	(3,170,096)	(3,238,092)
Total Unpaid Claims and Claim Adjustments June 30	**$ 358,846**	**$ 367,520**

B. Board of Regents Employee Health Benefits Plan

The University System of Georgia (USG) maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents (BOR) and its organizational units. A self–insured program of professional liability for its employees was established by the BOR of the USG under powers authorized by the OCGA § 45-9-1. All units of the USG share the risk of loss for claims of the plan.

The following table represents changes in the balances of claims liabilities for the past two years (amounts in thousands):

	Board of Regents Employee Health Benefits Plan	
	Fiscal Year Ended 6/30/2023	Fiscal Year Ended 6/30/2022
Unpaid Claims and Claim Adjustments July 1	**$ 42,820**	**$ 36,328**
Current Year Claims and Changes in Estimates	472,466	444,672
Claims Payments	(466,193)	(438,180)
Unpaid Claims and Claim Adjustments June 30	**$ 49,093**	**$ 42,820**

NOTE 18 - RISK MANAGEMENT (continued)

C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks.

The BOR is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund and the liability insurance risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2023, of $927.7 million both for workers' compensation and liability was charged back to the contributing funds. Expenditures of $551.8 million are reported in the General Fund, and expenses of $257.7 million are reported in the Higher Education Fund (enterprise fund) relating to this charge-back.

The following table represents changes in the balances of claims liabilities for the past two years (amounts in thousands):

	Risk Management Fund	
	Fiscal Year Ended 6/30/2023	Fiscal Year Ended 6/30/2022
Unpaid Claims and Claim Adjustments July 1 (restated)	**$ 1,072,307**	**$ 1,034,656**
Current Year Claims and Changes in Estimates	166,164	234,310
Claims Payments	(254,231)	(196,659)
Unpaid Claims and Claim Adjustments June 30	**$ 984,240**	**$ 1,072,307**

NOTE 19 - TAX ABATEMENT

As of June 30, 2023, the State had four tax abatement programs, the Mega Project Tax Credit, the Tourism Development Act, and Projects that were designated as a Competitive Project of Regional Significance. However, given the limited number of recipients under each of these programs, the State is legally prohibited from disclosing detailed information relating to the tax abatement programs and amounts abated. The fourth tax abatement program is the Georgia Entertainment Industry Investment Act and additional information is provided below.

Mega Project Tax Credit

The Mega Project Tax Credit provides tax abatements to encourage job creation under Official Code of Georgia OCGA § 48-7-40.24. This abatement is obtained through application by the business enterprise and certification by a panel composed of the commissioner of Community Affairs, the commissioner of Economic Development, and the director of the Office of Planning and Budget. In order to receive the tax abatements projects must create a certain level of new full-time employee jobs with average wages above a percentage of average wage projects within the county, and meet other requirements. The tax abatement equals $5,250 per new eligible full-time employee job for five years beginning with the year in which such job is created through year five after such creation; provided, however, that where the amount of such credit exceeds a business enterprise's liability for such taxes in a taxable year, the excess may be taken as a credit against such business enterprise's quarterly or monthly tax payment. Additionally, there are various recapture provisions such as forfeiting the right to the claim or a percentage of the credit, with allowances for relief from recapture based on certain major events.

Tourism Development Act

The Tourism Development Act provides tax abatements to encourage the creation of tourism attractions or expansion of existing tourism attractions under OCGA § 48-8-270. This abatement is obtained through the discretion of the commissioner of Economic Development and the commissioner of Community Affairs, in consideration of the execution of the agreement and subject to the approved company's compliance with the terms of the agreement. The term of the agreement granting the tax abatement (sales and use tax refund for new projects or an incremental sales and use tax refund for expansions of existing tourism attractions) is ten years, commencing on the date the tourism attraction opens for business and begins to collect sales and use taxes or for an expansion, the date construction is complete. Additionally, there are various recapture provisions if an approved company fails to abide by the terms of the agreement, such as voiding of the agreement and all sales and use tax proceeds that were refunded shall become immediately due and payable back to the State.

Competitive Project of Regional Significance

The Competitive Project of Regional Significance designation provides tax abatements to a business enterprise whose location or expansion of some or all of the operations in this state would have a significant regional impact under OCGA § 48-8-3(93)(D). This abatement is obtained in accordance with the regulations promulgated by the commissioner of Economic Development. The tax abatement indicates that sales and use taxes levied by or imposed by the State shall not apply to sales of personal property used for and in the construction of these designated projects.

Legal Prohibition

The State is legally prohibited from providing more detailed information relating to these three tax abatement programs and amounts abated. The restrictions relating to reporting of confidential income tax information and other tax types are generally covered under OCGA § 48-7-60 and § 48-2-15, respectively.

NOTE 19 - TAX ABATEMENT

Georgia Entertainment Industry Investment Act

The Georgia Entertainment Industry Investment Act provides tax abatements to encourage the production of certain projects (such as feature films; television films, pilots or series; televised specials; televised commercials; and music videos) under OCGA § 48-7-40.26. This abatement is obtained through an application and certification process with the Department of Economic Development and the Department of Revenue. An audit is required prior to utilization or transfer, of any earned Georgia film tax credit that exceeds $2.5 million in 2021, $1.25 million in 2022, and for any credit amount thereafter. As of January 1, 2023, all projects are required to go through a mandatory audit.

The Georgia Entertainment Industry Investment Act provides for a transferable tax credit equal to 20 percent of the based investment in this state and an additional tax credit equal to 10 percent of such base investment if the qualified production activity includes a qualified Georgia promotion.

The gross amount of revenue estimated to be abated as of June 30, 2023, as a result of Georgia Entertainment Industry Investment Act tax abatement agreements, is estimated to be $878.4 million. There are no commitments other than to reduce taxes and there are no provisions for recapturing abated taxes.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Grants and Contracts

The amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, including CARES Act funds related to COVID-19 pandemic, principally the federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms.

B. Litigation and Contingencies

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, it is not believed that the ultimate disposition of these proceedings would have a material adverse effect on the financial condition of the State. The following are significant active litigation, claims and assessments involving the State:

Primary Government

CSX Transportation v. David M. Curry, Commissioner, Georgia Department of Revenue, Ga. Tax Tribunal Docket Nos. 1622264, 1645680, 1733834, 1914964, and 2229506. CSX filed multiple appeals of constructive denials of refunds for sales and use tax imposed on diesel fuel starting in 2013. DOR did not act on the refund claims due to the pendency of litigation on a comparable issue in the U.S. Supreme Court against the state of Alabama. The issue is whether the sales and use tax imposed on diesel fuel purchased by rail carriers violates Section 306 of the Railroad Revitalization and Regulatory Reform Act of 1976 (the "4-R Act"), prohibiting discriminatory treatment of rail carriers. CSX contends that the application of a four percent (4%) sales tax rate to its purchase of diesel fuel violates Section 306 of the 4-R Act because motor carriers are subject to state and local taxes but are exempt from the first three percent (3%) of the four percent (4%) sales tax rate under O.C.G.A. § 48-8-31, and because interstate water carriers are exempt from sales and use tax under O.C.G.A. § 48-8-3(17). The total of the sales and use tax refunds claimed by CSX for tax periods October 2010 through July 2019 is approximately $65,000,000. The Georgia Tax Tribunal cases were stayed pending the outcome of litigation in Alabama, CSX Trans., Inc. v. Alabama Dept. of Revenue, Case No. 17-11705-G. The Eleventh Circuit ruled in CSX Trans., Inc. v. Ala. Dept. of Revenue, 888 F.3d 1163 (11th Cir. 2018) that Alabama's sales and use tax did not discriminate against railroads when compared to motor carriers but did discriminate against railroads when compared to water carriers. Alabama and CSX filed petitions for certiorari to the U.S. Supreme Court which denied the petitions on June 24, 2019. Therefore, the Eleventh Circuit's decision was affirmed, and the case was remanded to the District Court in Alabama to conclude proceedings. The District Court issued a final judgment in favor of CSX in Alabama in 2019 and a District Court ruled in favor of the smaller railroad carriers there in 2021 on the same grounds. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

Baldwin County v. Department of Behavioral Health and Developmental Disabilities and DBHDD Commissioner Kevin Tanner, in his official capacity, Fulton County Superior Court Civil Action Number 2021CV356515, July 15, 2021. Baldwin County seeks contract damages, or, in the alternative, specific performance of an Intergovernmental Agreement between the parties which the Department of Behavioral Health and Developmental Disabilities ("DBHDD") terminated in September 2020. The dispute stems from an Intergovernmental Agreement between Baldwin County and the Georgia Department of Human Resources ("DHR") for fire protection services and other services to be performed at the Central State Hospital Campus in Milledgeville, Georgia (the "Agreement"). The Agreement went into effect in April 1999 and has a term of fifty years. Prior to the Agreement, the State provided dedicated fire protection services at Central State Hospital using State personnel and equipment. The Agreement provided that Baldwin County would employ the same personnel, purchase the equipment, and provide the same

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

services between April 1999 and April 2049. In exchange, DHR would pay $550,000 annually to Baldwin County with a variable cost of living adjustment added every five years. In 2009, DBHDD took over contract responsibility for DHR and continued payments under the terms of the Agreement. In September 2020, DBHDD provided notice to Baldwin County that it was terminating the Agreement.

Baldwin County filed a complaint in the Fulton County Superior Court on July 15, 2021 seeking, among other things, contract damages for past and future services provided and attorneys' fees. Baldwin County asserts that it is or will be entitled to approximately $22 million dollars in damages for the remaining duration of the Agreement.

On December 20, 2021, Baldwin County moved for partial summary judgment on the question of whether there was a contract between the parties and whether that contract had been breached. That matter is fully briefed. DBHDD also moved to dismiss the claims alleging that the Agreement is not valid and violates the gratuities clause, that the request for injunctive relief is barred by sovereign immunity, and that mandamus is not appropriate because other relief is available. That matter also is fully briefed and was heard on October 14, 2022. The parties have exchanged limited written discovery and conducted environmental and structural inspections of the buildings. On May 8, 2023, the Superior Court dismissed Baldwin County's claim for breach of contract but allowed Baldwin County's mandamus claim to proceed. Baldwin County filed a notice of appeal of the dismissal of the contract claim with the Georgia Court of Appeals on May 23, 2023, and the appeal was docketed on June 8, 2023. The matter has been fully briefed and is scheduled for oral arguments before the Georgia Court of Appeals in February 2024. The mandamus claim is in discovery and DBHDD intends to pursue summary judgment motions at the conclusion of discovery. At this stage of litigation, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the State believes it has meritorious defenses and is vigorously defending this action.

Following an onsite review in 2014 of Georgia's nursing facility funding arrangements by the United States Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), CMS issued a draft report in December 2014 which summarily stated that a portion of funding used for the State share of the UPL payments was transferred to DCH from private companies and that UPL payments were made to 34 private nursing facilities in violation of federal law and the State's Medicaid Plan. CMS instructed Georgia to return all federal funds made to the 34 facilities from SFY 2010 to present day. DCH responded to CMS in February 2015, arguing at minimum incorrect factual and legal conclusions by CMS, violations of law, inequity, and unjust enrichment. In November 2015, CMS issued its final report that did not change its initial conclusion summarized above. In DCH's CMS 64 Report filing for quarter ending December 31, 2015, DCH did not return approximately $76.0 million in federal financial participation funds for SFY 2010 and 2011 or any upper payment limit payments made to such nursing homes in subsequent fiscal years, which DCH estimates to be in an aggregate amount of approximately $94.0 million for both fiscal year 2012 and fiscal year 2013 as requested by CMS. A response was received from CMS on November 20, 2018 reaffirming its position. DCH continues its opposition and has requested reconsideration of the disallowance through the available CMS administrative appeal channels. The matter is pending with the CMS Departmental Appeals Board for resolution, which is the final regulatory level of administrative appeal.

Savannah Convention Center Contract Dispute In 2018, the Georgia State Financing and Investment Commission (the "Commission") contracted with Clark Construction Group, LLC ("Clark Construction") to serve as the general contractor for an expansion of the Savannah Convention Center. The total estimated cost to complete the expansion project is approximately $275.0 million. Clark Construction, however, seeks an additional amount of $40.0 million due to claimed additional costs and delays associated with allegations of unforeseen circumstances, including a claim that an unforeseen boat slip was discovered that has made the contracted work both more costly and more time consuming. This allegedly unforeseen boat slip makes up the bulk of the claim, but the Commission denies that it was unforeseen. The Commission vigorously disputes both the size and nature of the claim.
To date, there has been no threatened litigation or suit filed. Clark Construction and the Commission held an unsuccessful mediation in the spring of 2023 and continue to have discussions to resolve this matter. At this stage of

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

the dispute, it is impracticable to render an opinion about whether the likelihood of an unfavorable outcome is either "probable" or "remote"; however, the Commission believes it has meritorious defenses and is vigorously defending against this claim.

C. Guarantees and Financial Risk

Component Units

Georgia Housing Finance Authority (GHFA) has uninsured single-family mortgage loans of approximately $47.8 million as of June 30, 2023. All of these loans are for home mortgages in the State of Georgia. Current economic conditions in Georgia have a direct impact on foreclosures and the higher rate of loss on foreclosed loans. If the economy declines, one impact of these conditions could be a decline in housing values and an increase in unemployment and underemployment. GHFA could incur a higher rate of foreclosure and a higher rate of loss on foreclosed loans as a result of the impact of their economic factors and the decline in the value of its underlying collateral on uninsured loans. If the economy declines and, as a result, GHFA could experience a dramatic increase in foreclosures, it is possible that the combination of such an increase combined with lower housing prices could result in increased losses of loan assets that could have adverse impacts on the GHFA's ability to repay its outstanding bonds.

D. Other Significant Commitments

Primary Government

Contractual Commitments

The Georgia Constitution permits State organizations to enter into contractual commitments provided they have funds available (statutory basis) at the time of the execution of the contract. At June 30, 2023, the fund balances of the primary government include encumbrances of $13.8 billion (amounts in thousands):

	Encumbrances
Function	
Conservation	$ 6,101
Culture and Recreation	92,738
Economic Development and Assistance	235,751
Education	3,625,027
General Government	2,709,392
Health and Welfare	1,938,881
Public Safety	339,703
Transportation	4,808,862
Total Investments	**$ 13,756,455**

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

As of June 30, 2023, the Department of Revenue had unclaimed film tax credits of approximately $980.8 million.

The University System of Georgia (Higher Education Fund) had significant, unearned, outstanding construction or renovation contracts executed in the amount of $17.2 million as of June 30, 2023. This amount is not reflected in the financial statements.

As of June 30, 2023, SAO entered into a contractual obligation with Workday for a period of 21 years to provide the ERP system software in the amount of $156.8 million. The agreement was initiated in Q3 of FY2023.

As of June 30, 2023, Employees' Retirement System of Georgia committed to fund certain private equity partnerships for a total capital commitment of $966.8 million. Of this amount, $360.1 million remained unfunded and is not recorded on the *Combining Statement of Fiduciary Net Position - Pension and Other Employee Benefit Trust Funds - Defined Benefit Pension Plans*.

On August 24, 2015, Georgia Technology Authority(GTA) entered into an agreement with Capgemini to provide service integration processes and systems, including billing, service desk, service catalog and request management, risk and security management, among other services. This agreement is a seven year contract with three optional years for a total contract amount of $323.4 million, and a remaining balance of $61.5 million as of June 30, 2023.

On December 1, 2017, GTA entered into a $119.0 million services contract with ATOS. This is a four year contract with five optional years, and has a remaining balance of $30.6 million as of June 30, 2023.

On June 1, 2018, GTA entered into a $26.5 million services contract with Xerox. This is a three year contract with three optional years, and has a remaining balance of $4.3 million as of June 30, 2023.

On January 1, 2019, GTA entered into a $219.0 million services contract with Unisys. This is a three year contract with three optional years, and has a remaining balance of $73.6 million June 30, 2023.

On July 1, 2021, GTA entered into a $378.0 million services contract with AT&T. This is a five year contract with three optional years, and has a remaining balance of $278.8 million as of June 30, 2023.

State Road and Tollway Authority (SRTA) has contractual commitments on uncompleted contracts of $672.0 million, of which, the most significant are for the I-20 East Interchange Reconstruction Project ($562.3 million), the I-285 at SR 400 Interchange Reconstruction Project ($48.2 million) and the I-16 at I-95 Interchange and I-16 widening from I-95 to I-516 Reconstruction Project ($61.5 million). In addition, $3.4 million in grants and $13.9 million of loans were awarded to local governments and community improvements districts.

Component Units

Contractual Commitments

As of June 30, 2023, Georgia Environmental Finance Authority (GEFA) had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling $201.5 million.

As of June 30, 2023, Georgia Ports Authority (GPA) had commitments for construction projects of approximately $841.8 million.

NOTE 20 - LITIGATION, CONTINGENCIES, AND COMMITMENTS (continued)

During the fiscal year ended June 30, 2013, the GPA entered into a compromise and settlement agreement with the U.S. Army Corps of Engineers, the State of South Carolina and several nongovernmental environmental organizations relative to the project by the U.S. Army Corps of Engineers to deepen the Savannah River federal navigation channel. The project is commonly referred to as the Savannah Harbor Expansion Project (SHEP).

The respective SHEP agreement, approved by the U.S. Federal District Court for the District of South Carolina, resulted in a commitment by GPA in the amount of $35.5 million, of which GPA had paid $27.2 million through the year ended June 30, 2023, which includes the following provisions to be funded by the GPA subject to satisfaction of certain conditions that at this time are based on all known and expected factors, and therefore, considered to be “probable” as defined by respective and authoritative financial reporting standards (GASB No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*):

1) The GPA will establish a letter of credit or escrow account within six months of the commencement of inner harbor dredging in the amount of $2.0 million to serve as a contingency fund should the operation of the dissolved oxygen injection system not receive funding by the federal government. This letter of credit or escrow account will be maintained at a minimum of $2.0 million for fifty years after completion of the SHEP.

2) The GPA will contribute $3.0 million for water quality monitoring in the Lower Savannah River Basin, $3.0 million for monitoring and research of Shortnose and Atlantic Sturgeon, $15.0 million for conservation, wetlands preservation, acquisitions of easements and/or upland buffers, and creation, restoration or enhancement of wetlands to benefit the Lower Savannah River watershed.

3) The GPA will contribute $12.5 million for environmental and conservation projects in the Savannah River Basin to the Savannah River Restoration Board whose membership is prescribed in the agreement.

NOTE 21 - SUBSEQUENT EVENTS

A. Primary Government

Long-term Debt Issues

General Obligation Bonds Issued

In July 2023, the State sold general obligation bonds in the total amount of $621.3 million for delivery on July 12, 2023 to provide over $670.9 million in total proceeds for various capital outlay projects. The greatest amount of funding will provide $233.2 million for higher education projects, $209.5 million for K-12 Education projects, $120.6 million for public safety projects, and $47.0 million for economic development projects.

Series	Par Issue Amount	
2023A	$	417,735,000
2023B		203,600,000
Total	$	621,335,000

The true interest cost on the 2023A and 2023B bonds was 3.775% and the average life is 10.520 years.

Defeasance of General Obligation Bonds

In July 2023, the State sold general obligation refunding bonds totaling $259.5 million to defease a total of $276.1 million from two different series of general obligation bonds with interest rates ranging from 4.00% to 5.00%.

The true interest cost on the 2023C bonds was 2.628% and the average life is 4.596 years.

Other Subsequent Events

National Opioids Settlement Fund

After the end of the fiscal year, additional consent judgments relating to opioid abatement settlements have been signed by the judge and filed, totaling approximately $390.4 million.

Office of the State Treasurer

Subsequent to the end of the reporting period but before the issuance of the LGIP Trust financial statements, the State Depository Board approved a new LGIP Offering for the LGIP Trust. The new LGIP Offering, referred to as Georgia Fund 1 Prime ("GF1 Prime"), will be available for investment for local governments, authorities, school systems, and select state entities. GF1 Prime will offer a potentially higher yield than GF1 due to the inclusion of investment-grade credit securities. As a prerequisite to investing in GF 1 Prime, depositors will be required to complete investment training provided by the state.

NOTE 21 - SUBSEQUENT EVENTS (continued)

B. Component Units

<u>Other Subsequent Events</u>

State Road and Tollway Authority

In July 2020, the State Road and Tollway Authority became a member of the E-ZPass® Interagency Group, which is the largest multi-state electronic tolling system, serving 19 states and 43 tolling systems. SRTA implemented the system functionality to become interoperable with the eight states in the E-ZPass® network in July 2023 and will be fully interoperable with the E-ZPass® network by December 31, 2023.

The window for the eleventh (11th) round of Georgia Transportation Infrastructure Bank (GTIB) applications was opened on November 1, 2023, and applications will be accepted by the Authority through January 25, 2024. Awards are expected to occur in the spring of 2024 and will be a combination of loans and grants. The amount of awards available for this round will be up to $15.0 million.

Georgia Housing and Finance Authority

Georgia Housing and Finance Authority issued 2023 Series B Single-Family Mortgage Bonds in the amount of $130.1 million which closed on November 2, 2023.

University System of Georgia

<u>Augusta University</u>
In July of 2023, Georgia's Office of Attorney General approved the partnership between the University System of Georgia, Augusta University Health System (AUHS), Augusta University Medical College of Georgia and Wellstar Health system. Wellstar will become the "parent" organization of AUHS. AUHS will be a subsidiary of Wellstar and will be called Wellstar MCG Health. Current Wellstar facilities will retain their same name and branding. The partnership will expand Augusta University's educational and research missions, expand opportunities for students to learn and train in the medical field, and provide expanded support for more patients across the state of Georgia. Although the partnership was effective on August 30, 2023, most of the day-to-day operations will remain the same.

Augusta University (AU) entered into an agreement with the AU Jaguar Facilities Development, LLC (AUJFD) where AUJFD would construct a parking deck facility. AU paid an initial rent payment of $17.0 million in October 2023. This new facility will be leased to AU for a 30-year period through June 30, 2055, with lease payments totaling $49.9 million. At the end of the lease, the ownership of the parking deck facility will transfer to AU. The commencement of the lease will occur on the first day of the first month following substantial completion, but no earlier than July 1, 2025. On October 1, 2023, AU Jaguar Facilities Development, LLC entered into a promissory note agreement to repay $20.6 million Series 2023 bonds issued by the Development Authority of Augusta, Georgia. The proceeds of the bonds will be used for the purpose of (a) financing the cost of constructing and equipping a parking deck facility consisting of approximately 1,350 spaces to be located on the Health Sciences campus of Augusta University, (b) fund capitalized interest for the Series 2023 Bonds and (c) paying all or a portion of the costs of issuing the Series 2023 Bonds.

<u>Georgia Institute of Technology</u>
In September 2018, the Board of Regents of the University System of Georgia approved the project at the Georgia Institute of Technology for the third phase of Technology Square (Tech Square III) located on the blocks between Fifth Street, Spring Street, and West Peachtree Street. The project will be funded from a combination of state funding, institutional funding, philanthropic donations, and Public Private Ventures (PPV) bond financing with an

NOTE 21 - SUBSEQUENT EVENTS (continued)

estimated project cost of $240.0 million. Tech Square III will add more than 400,000 square feet of new space for research and collaboration. In May 2023, the Board of Regents adopted a resolution prepared by the Revenue Division of the Georgia Department of Law covering the issuance of 2023 General Obligation Bonds by the State of Georgia through the Georgia State Financing and Investment Commission (GSFIC) for use in funding projects for the University System of Georgia. The Institute was approved for $30.6 million in Capital Project Bonds for the Tech Square III expansion. In November 2023, the Board authorized the execution of a rental agreement for Tech Square III between Georgia Tech Facilities, Inc. (GTFI), a component unit, as landlord and the Board as Tenant, for the period commencing on the first day of the month after GTFI obtains the certificate of occupancy and ending the following June 30 at a base rent not to exceed $4.6 million per year, with options to renew annually for up to 29 consecutive one-year periods. GTFI issued $54.1 million in bonds on January 24, 2024 to fund construction, which is in progress and expected to be completed in 2026. The capital asset, finance lease liability, and capital gift will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

In February 2022, the Board of Regents of the University System of Georgia approved the project for the D.M. Smith Building Renewal. This is a four-story building totaling approximately 38,000 square feet located at 685 Cherry Street NW on campus. The renewal will create spaces that reflect the current instruction and research needs while respecting the historic character of the building. This renovation will be funded by the Institute with an estimated project cost of $26.0 million. Construction will begin in January 2024 and is expected to be completed by June of 2025 for a July 2025 occupancy. The capital-related spending for this project will be added to the capital asset on the Institute's books once construction is complete.

In September 2022, the Board of Regents (Board) of the University System of Georgia approved the transfer of approximately 43 acres of real property (BOR Property) located at 210 Technology Circle in Savannah, Georgia to Georgia Advanced Technology Ventures (GATV), a component unit, or an affiliated special purpose entity created for the purpose of this transfer. The net book value of the assets recorded at June 30, 2023 is approximately $3.5 million. The transfer of the property is expected to be for an estate term of up to ninety-nine (99) years and will be for the exclusive purpose of enabling GATV to facilitate the design and construction of film production studios in support of regional economic development efforts. The Board of Regents will have the right to terminate the estate term for the BOR Property if development of the project does not commence within five years of the date of transfer, or if at any time the entire property is not used during the estate term for the intended purpose. The Board also authorized the sublease of approximately 9 acres of real property (TUFF Property) adjacent to the BOR Property and leased by the Board from The University Financing Foundation (TUFF) to Lincoln Properties, Inc. for the full cost of the Board's rental payments. Those estimated rental payments through the end of the lease term are approximately $20.0 million. The ground lease of the BOR Property will terminate should Lincoln Properties, Inc. fail to remedy any default of the sublease of the TUFF Property in a timely manner. The Board also authorized the transfer of the TUFF Property directly to GATV at the end of the lease term, currently scheduled for December 31, 2032. The property is only to be used for the purpose intended and the terms will be commensurate with the same remaining estate term and rights of the BOR Property. This transfer and the related leases are expected to be finalized in fiscal year 2024.

In February 2023, the Board of Regents of the University System of Georgia approved a new First-Year Student Residence Hall. This facility will be a public-private venture (PPV) with an estimated project cost of $117.0 million. The new residence hall will be constructed on the site of an existing parking lot and landscape services yard in the west residential neighborhood of campus. The new residence hall will total approximately 191,000 square feet and will contain approximately 862 beds. Construction is expected to be completed prior to the Fall Semester of 2026. The capital asset and finance lease liability will be recorded on the Institute's books once construction is complete and the certificate of occupancy is issued.

NOTE 21 - SUBSEQUENT EVENTS (continued)

In August 2023, the Board of Regents of the University System of Georgia entered into two leases with Georgia Advanced Technology Ventures, Inc. (GATV) for the use of approximately 93,588 rentable square feet in the Centergy One Office Building at 75 5th Street, Atlanta, Georgia. The commencement date of these leases is July 1, 2023. The leases have the option to be renewed on a year-to-year basis for ten consecutive years plus an eleventh option to renew for six months ending December 31, 2034. The total estimated base rent payments over the maximum term will be approximately $27.4 million. The right-of-use asset and lease obligation will be recorded on the Institute's books in fiscal year 2024.

Georgia Technology Athletic Association

The Georgia Technology Athletic Association plans to issue bonds in February 2024 of $34.1M to support the construction of the new Student Athletic Performance Center on the Georgia Institute of Technology campus.

Georgia State University

In December 2023, Georgia State University purchased approximately 0.9724 acres of real property improved with an eighteen-story building containing approximately 353,000-square feet located at 100 Edgewood Avenue in Atlanta from Georgia State University Foundation, Inc. for $34.0 million.

Savannah State University

In July 2023, Savannah State University (SSU) terminated the rental agreement and acquired the University Commons property in an early payoff transaction for $17.9 million to the SSU Foundation Real Estate Ventures, LLC in a defeasance of debt on the Bond Payoff Series 2016 with the foundation.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Funds Available					
State Appropriation					
Ambulance Provider Fees	$ —	$ 8,769	$ 8,041	$ 8,041	$ —
Brain and Spinal Injury Trust Fund	1,612	1,612	1,612	2,226	(614)
Fireworks Trust Fund	2,722	2,722	2,722	2,722	—
Georgia Agriculture Trust Fund	1,885	1,885	1,885	1,885	—
Georgia Transit Trust Fund	15,928	15,928	15,928	15,928	—
Governor's Emergency Funds	—	—	11,062	11,062	—
Hazardous Waste Trust Fund	7,620	7,620	7,620	7,620	—
Hospital Provider Payment	380,916	383,205	387,434	387,434	—
Lottery Funds	1,418,727	1,417,104	1,417,104	1,417,104	—
Motor Fuel Funds	2,008,888	2,097,968	2,097,968	2,097,968	—
Nursing Home Provider Fees	162,389	149,323	144,713	144,713	—
Safe Harbor for Sexually Exploited Children Fund	111	111	111	137	(26)
Solid Waste Trust Fund	7,629	7,629	7,629	7,629	—
State Children's Trust Fund	1,101	1,101	1,101	1,115	(14)
State General Funds	25,878,129	28,154,328	28,143,266	28,138,080	5,186
Tobacco Settlement Funds	148,525	148,525	148,525	148,525	—
Transportation Trust Fund	150,977	150,977	150,977	150,977	—
Trauma Care Trust Fund	13,594	13,594	13,594	13,594	—
Wild Endowment Trust Fund	1,728	1,728	1,728	1,728	—
State Funds - Prior Year Carry-Over					
State General Fund Prior Year	—	—	828,725	882,282	(53,557)
Brain and Spinal Injury Trust Fund - Prior Year	—	—	3,007	2,513	494
Motor Fuel Funds - Prior Year	—	—	739,768	2,208,738	(1,468,970)
Safe Harbor Fund_Prior Year	—	—	351	351	—
Federal Funds					
CCDF Mandatory & Matching Funds	92,749	92,749	159,584	159,584	—
Child Care & Development Block Grant	227,917	227,917	245,881	245,442	439
Community Mental Health Services Block Grant	14,164	14,164	49,039	42,591	6,448
Community Services Block Grant	16,320	16,370	24,052	23,240	812
Federal Highway Administration - Highway Planning and Construction	1,514,696	1,428,041	1,989,714	1,941,212	48,502
Foster Care Title IV-E	97,453	84,323	91,014	89,274	1,740
Low-Income Home Energy Assistance	56,325	56,651	98,859	96,833	2,026
Maternal and Child Health Services Block Grant	16,977	16,977	18,676	16,918	1,758
Medical Assistance Program	9,088,331	9,980,128	12,535,528	12,381,312	154,216
Prevention and Treatment of Substance Abuse Block Grant	47,852	47,852	92,717	86,520	6,197
Preventive Health and Health Services Block Grant	2,207	2,207	4,411	3,200	1,211
Social Services Block Grant	52,513	52,316	51,036	48,242	2,794
State Children's Insurance Program	474,068	533,790	927,374	543,135	384,239
TANF Transfer to SSBG	1,424	928	1,270	1,270	—
Temporary Assistance for Needy Families Block Grant	322,822	347,847	374,499	334,395	40,104
TANF Unobligated Balance	—	—	—	—	—
Federal Funds Not Specifically Identified	5,646,994	5,744,448	7,660,863	6,959,915	700,948
Federal Funds-COVID-19					
Child Care & Development Block Grant - COVID-19	—	—	894,820	894,820	—
Low-Income Home Energy Assistance - COVID-19	—	—	63,933	63,893	40
Federal Funds Not Specifically Identified – COVID-19	—	—	9,247,505	7,036,783	2,210,722
American Recovery and Reinvestment Act of 2009					
Medical Assistance Program_ARRA	—	—	17,309	963	16,346
Federal Recovery Funds Not Specifically Identified_ARRA	16,847	16,848	16,387	30,966	(14,579)
Other Funds	10,051,223	10,297,704	16,304,935	16,354,674	(49,739)
Total Funds Available	57,943,363	61,525,389	85,004,277	83,007,554	1,996,723

(continued)

Required Supplementary Information
Budgetary Comparison Schedule
Budget Fund
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Original Appropriation	Amended Appropriation	Final Budget	Actual	Variance
Expenditures					
Georgia Senate	14,378	14,919	15,260	12,509	2,751
Georgia House of Representatives	23,403	23,498	24,737	21,616	3,121
Georgia General Assembly Joint Offices	16,073	16,573	20,349	16,628	3,721
Audits and Accounts, Department of	43,990	43,990	44,019	43,118	901
Appeals, Court of	26,769	29,331	29,478	29,471	7
Judicial Council	23,572	23,557	71,040	42,005	29,035
Juvenile Courts	9,727	9,527	9,527	8,955	572
Prosecuting Attorneys	104,697	106,526	149,394	135,615	13,779
Superior Courts	85,013	84,968	86,034	86,030	4
Supreme Court	19,417	21,088	21,824	21,824	—
Accounting Office, State	30,385	30,767	38,309	37,318	991
Administrative Services, Department of	284,277	292,315	451,392	426,488	24,904
Agriculture, Department of	69,101	70,541	74,050	73,761	289
Banking and Finance, Department of	13,915	14,421	14,429	14,381	48
Behavioral Health & Developmental Disabilities, Department of	1,558,493	1,571,109	1,741,069	1,703,526	37,543
Community Affairs, Department of	283,277	435,541	508,393	508,106	287
Community Health, Department of	18,203,136	19,353,807	26,944,111	22,094,136	4,849,975
Community Supervision, Department of	192,383	192,383	193,285	197,819	(4,534)
Corrections, Department of	1,295,237	1,354,963	1,401,260	1,400,695	565
Defense, Department of	124,220	128,583	155,627	119,398	36,229
Driver Services, Department of	77,794	78,919	83,510	82,136	1,374
Early Care and Learning, Bright from Start: Department of	938,487	946,487	1,943,273	1,924,624	18,649
Economic Development, Department of	45,282	57,802	67,257	62,529	4,728
Education, Department of	12,825,677	13,532,144	16,693,890	14,464,750	2,229,140
Employees' Retirement System	66,495	96,779	96,380	93,775	2,605
Forestry Commission, State	59,161	60,468	65,923	65,888	35
Governor, Office of the	87,898	87,264	4,563,122	4,522,770	40,352
Human Services, Department of	2,015,182	2,059,861	3,421,964	3,304,028	117,936
Insurance, Department of	176,000	266,593	525,019	522,799	2,220
Investigation, Georgia Bureau of	337,855	341,390	409,927	362,582	47,345
Juvenile Justice, Department of	362,120	357,600	367,023	355,141	11,882
Labor, Department of	51,583	54,791	152,109	148,386	3,723
Law, Department of	97,947	98,692	133,116	132,326	790
Natural Resources, Department of	327,774	349,994	465,870	430,962	34,908
Pardons and Paroles, State Board of	18,959	18,959	19,113	19,049	64
State Properties Commission	2,200	22,900	22,900	22,701	199
Public Defender Council, Georgia	106,552	107,035	128,065	122,791	5,274
Public Health, Department of	791,633	786,060	1,558,519	1,371,102	187,417
Public Safety, Department of	270,392	301,675	338,384	330,941	7,443
Public Service Commission	12,753	12,947	12,841	12,840	1
Regents, University System of Georgia	9,204,363	9,203,747	11,012,306	9,789,124	1,223,182
Revenue, Department of	217,315	1,167,315	1,171,482	210,052	961,430
Secretary of State	33,144	34,898	55,331	52,083	3,248
Student Finance Commission Georgia	1,162,273	1,141,334	1,145,121	1,000,108	145,013
Teachers' Retirement System	45,697	51,586	51,121	45,487	5,634
Technical College System of Georgia	1,053,680	1,198,084	1,383,102	1,182,740	200,362
Transportation, Department of	3,809,389	3,887,846	5,570,820	5,088,129	482,691
Veterans' Services, Department of	53,360	53,521	61,192	59,124	2,068
Workers' Compensation, State Board of	21,043	21,043	21,523	19,622	1,901
State of Georgia General Obligation Debt Sinking Fund	1,249,892	1,309,248	1,470,487	1,412,890	57,597
Total Expenditures	57,943,363	61,525,389	85,004,277	74,204,878	10,799,399
Excess of Funds Available over Expenditures	$ —	$ —	$ —	$ 8,802,676	$ (8,802,676)

Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	General Fund
Sources/Inflows of Resources	
Summary	
Actual amounts (budgetary basis) “Total Funds Available” from the budgetary comparison schedule	$ 83,007,554
Differences - budget to GAAP	
Perspective Differences:	
Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund for financial reporting purposes.	(11,945,271)
Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	37,660,565
State appropriations revenues are budgetary resources, but are netted with the State's treasury disbursements for GAAP purposes.	(32,507,847)
Basis Differences:	
Accrual of taxpayer assessed receivables and revenues.	(865,494)
Fund balance adjustments are not inflows of budgetary resources, but affect current year revenues for GAAP reporting purposes.	1,981,169
Prior Year Reserves Available for Expenditure are included in Funds Available, but are not revenues for GAAP reporting purposes.	(7,937,289)
Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP reporting purposes.	(1,766,606)
Receivables and revenues accrued based on encumbrances reported for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for GAAP reporting.	(634,571)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(139,204)
Revenue reported for nonbudgetary food stamp program and donated commodities.	4,062,181
Revenue reported for on-behalf payments related to pensions.	86,555
Other net accrued receivables and revenues.	(158,748)
Total Revenues (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 70,842,994

(continued)

Required Supplementary Information
Budget to GAAP Reconciliation
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	General Fund
Uses/Outflows of Resources	
Summary	
Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	$ 74,204,878
Differences - budget to GAAP	
Perspective Differences:	
Expenditures of Budgeted Funds for organizations not reported in the General Fund.	(15,997,992)
Expenditures of nonbudgeted Funds included within the State's reporting entity, and shown in the General Fund for financial reporting purposes.	101,131
Basis Differences:	
Accrual of teacher salaries not included in current budget year.	68,622
Acquisition of lease and subscription arrangements are not outflows of budgetary resources, but are recorded as current expenditures and other financing sources for GAAP reporting.	116,034
Change in expenditure accrual for nonbudgetary Medicaid claims.	(38,221)
Encumbrances for goods and services ordered but not received are reported as budgetary expenditures in the year the order is placed, but are reported as GAAP expenditures in the year the goods and services are received.	(1,079,445)
Expenditures from intrafund transactions are budgetary outflows, but are not expenditures for GAAP reporting purposes.	(1,766,606)
Expenditures reported for nonbudgetary food stamp program and donated commodities.	4,062,180
Expenditures reported for on-behalf payments related to pensions.	86,555
Fund balance adjustments are not outflows of budgetary resources, but affect current year expenditures for GAAP reporting purposes.	2,082,916
Transfers to other funds are outflows of budgetary resources, but are not expenditures for GAAP reporting purposes.	(1,718,701)
Other net accrued liabilities and expenditures.	(227,568)
Total Expenditures (General Fund) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	$ 59,893,783

Required Supplementary Information
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2023

Budgetary Reporting

Budgetary Process

OCGA § 45-12-4 sets forth the process for the development and monitoring of an appropriated budget for the State. Not later than September 1 of each year, the head of each executive branch budget unit (e.g. agencies, departments, and commissions) must submit estimates of the financial requirements for the subsequent fiscal year to Office of Planning and Budget (OPB), which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to OPB for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by OPB.

The Governor, through the OPB, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor also possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Georgia Constitution, Article III, Section IX, Paragraph IV, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." The Constitution also authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient surplus is available or additional revenue measures have been enacted. Finally, the Governor may withhold allotments of funds to budget units in order to maintain this balance of revenues and expenditures. Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through OPB, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit periodic allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to OPB.

Required Supplementary Information
Notes to Required Supplementary Information
Budgetary Comparison
For the Fiscal Year Ended June 30, 2023

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

Budget units of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate *Budgetary Compliance Report* is published each year to report on compliance at the legal level of budgetary control.

Budgetary Basis of Accounting

The annual budget of the State is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year-end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

Budgetary Compliance Exceptions

Expenditures of State funds may not exceed the amount appropriated at the legal level of control as provided by the Constitution. For the year ended June 30, 2023, total State funds expenditures did not exceed appropriated amounts.

For more information on budgetary exceptions, please refer to the *Budgetary Compliance Report* (BCR) issued under separate cover. This report can be found on website of the State Accounting Office at https://sao.georgia.gov/swar/bcr.

Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

Note, in the BCR the *Statements of Funds Available and Expenditures Compared to Budget By Program and Funding Source* displays budget (original, amended and final), the current year funds available, current year expenditures and variances to budget for each of the 50 appropriated organizations. And the Statistical Schedules 4 and 5 in the BCR summarize the expenditures by agency (Statistical Schedule 4) and in total (Statistical Schedule 5), and these totals agree with the amounts presented in the RSI schedule above.

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Required Supplementary Information
Public Entity Risk Pool
For the Fiscal Year Ended June 30, 2023

(amounts in thousands)

Claims Development Information

The table below illustrates how the State Health Benefit Plan's (SHBP) earned revenues and investment income compare to related costs of loss and other expenses assumed by the SHBP as of the end of the current fiscal year. The rows of the table are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operating costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the fund's incurred claims and allocated claim adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (policy year). (4) This section shows the cumulative net amounts paid as of the end of the policy year. (5) This section shows how current year's net incurred claims increased or decreased as of the end of the year. This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

(Table on next page)

Required Supplementary Information
Public Entity Risk Pool
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Fiscal and Policy Year Ended				
	2023	**2022**	**2021**	**2020**	**2019**
(1) Required contribution and investment revenue earned (fiscal year)	$ 3,501,696	$ 3,104,205	$ 3,080,118	$ 2,837,988	$ 2,545,692
(2) Unallocated expenses	119,332	123,120	116,308	120,588	117,675
(3) Estimated claims and expenses, end of policy year, net incurred	3,161,422	3,353,961	3,057,358	2,614,741	2,495,517
(4) Net paid (cumulative) as of:					
End of policy year	3,170,096	3,238,092	3,036,605	2,579,198	2,500,454
One year later		3,021,535	3,055,657	2,650,623	2,454,871
Two years later			3,055,657	2,650,623	2,454,871
Three years later				2,650,623	2,454,871
Four years later					2,454,871
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
(5) Reestimated net incurred claims and expenses:					
End of policy year	3,161,422	3,353,963	3,057,357	2,614,741	2,495,517
One year later		3,031,780	3,059,475	2,650,939	2,458,806
Two years later			3,056,181	2,650,623	2,454,871
Three years later				2,650,623	2,454,871
Four years later					2,454,871
Five years later					
Six years later					
Seven years later					
Eight years later					
Nine years later					
(6) Increase (decrease) in estimated net incurred claims and expenses from the end of policy year	—	(322,183)	(1,176)	35,882	(40,646)

2018	2017	2016	2015	2014
$ 2,975,710	$ 2,193,674	$ 2,124,039	$ 2,365,612	$ 2,429,079
132,059	137,874	139,630	143,050	152,369
2,269,151	2,158,188	2,013,443	1,882,588	1,880,541
2,286,603	2,120,983	2,009,809	1,882,765	1,927,919
2,340,034	2,151,121	1,915,972	1,871,509	1,931,895
2,340,034	2,151,121	1,915,972	1,871,509	1,931,895
2,340,034	2,151,121	1,915,972	1,871,509	1,931,895
2,340,034	2,151,121	1,915,972	1,871,509	1,931,895
2,340,034	2,151,121	1,915,972	1,871,509	1,931,895
	2,151,121	1,915,972	1,871,509	1,931,895
		1,915,972	1,871,509	1,931,895
			1,871,509	1,931,895
				1,931,895
2,269,151	2,158,188	2,013,443	1,882,588	1,880,541
2,340,850	2,150,162	1,915,823	1,871,599	1,879,800
2,340,255	2,148,700	1,915,823	1,871,599	1,934,321
2,340,034	2,148,678	1,915,846	1,871,599	1,934,321
2,340,034	2,148,678	1,915,846	1,871,599	1,934,321
2,340,034	2,148,678	1,915,846	1,871,599	1,934,321
	2,148,678	1,915,846	1,871,599	1,934,321
		1,915,846	1,871,599	1,934,321
			1,871,599	1,934,321
				1,934,321
70,883	(9,510)	(97,597)	(10,989)	53,780

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS


STATE OF GEORGIA
CONSTITUTION
WIS DOM
JUSTICE
MODER ATION
1776

Required Supplementary Information
Schedules of Employers' and Nonemployers' Contributions
Defined Benefit Pension Plans
For the Last Ten Fiscal Years
(amounts in thousands)

	Year Ended	Actuarially determined contribution (a)	Contributions in relation to the actuarially determined contribution (b)	Contribution deficiency (excess) (a-b)	Covered payroll (c)	Contributions as a percentage of covered payroll (b/c)
Employees' Retirement System	6/30/2014	$ 428,982	$ 429,752	$ (770)	$ 2,335,773	18.40 %
	6/30/2015	517,220	519,163	(943)	2,353,225	22.06 %
	6/30/2016	595,124	595,566	(442)	2,390,457	24.91 %
	6/30/2017	624,623	625,281	(658)	2,565,918	24.37 %
	6/30/2018	650,073	652,167	(2,094)	2,635,896	24.74 %
	6/30/2019	649,209	649,209	—	2,615,491	24.82 %
	6/30/2020	643,857	643,857	—	2,614,856	24.62 %
	6/30/2021	615,967	615,967	—	2,480,422	24.83 %
	6/30/2022	619,723	619,723	—	2,577,449	24.04 %
	6/30/2023	878,158	878,158	—	2,914,453	30.13 %
Teachers Retirement System of Georgia	6/30/2014	$ 1,270,963	$ 1,270,963	$ —	$10,349,862	12.28 %
	6/30/2015	1,406,706	1,406,706	—	10,697,384	13.15 %
	6/30/2016	1,580,532	1,580,532	—	11,075,907	14.27 %
	6/30/2017	1,654,844	1,654,844	—	11,596,664	14.27 %
	6/30/2018	2,018,724	2,018,724	—	12,009,066	16.81 %
	6/30/2019	2,566,403	2,566,403	—	12,279,440	20.90 %
	6/30/2020	2,738,818	2,738,818	—	12,955,620	21.14 %
	6/30/2021	2,495,527	2,495,527	—	13,093,006	19.06 %
	6/30/2022	2,696,714	2,696,714	—	13,612,892	19.81 %
	6/30/2023	2,929,096	2,929,096	—	14,660,140	19.98 %

This data, except for annual covered payroll, was provided by each plan's actuary.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of Employers' and Nonemployers' Net Pension Liability
Defined Benefit Pension Plans
For the Last Ten Fiscal Years

(amounts in thousands)

	2023	2022	2021	2020
Employees' Retirement System:				
Total pension liability	$ 20,715,028	$ 20,508,975	$ 18,886,809	$ 17,717,243
Plan fiduciary net position	14,749,438	13,830,510	16,547,905	13,502,286
Employers' and nonemployers' net pension liability	$ 5,965,590	$ 6,678,465	$ 2,338,904	$ 4,214,957
Plan fiduciary net position as a percentage of the total pension liability	71.20 %	67.44 %	87.62 %	76.21 %
Covered payroll	$ 2,914,453	$ 2,577,449	$ 2,480,422	$ 2,614,856
Employers' and nonemployers' net pension liability as a percentage of covered payroll	204.69 %	259.11 %	94.29 %	161.19 %
Teachers Retirement System:				
Total pension liability	$ 124,515,490	$ 119,594,792	$ 110,991,021	$ 105,385,472
Plan fiduciary net position	94,991,195	87,122,859	102,146,688	81,161,558
Employers' and nonemployers' net pension liability	$ 29,524,295	$ 32,471,933	$ 8,844,333	$ 24,223,914
Plan fiduciary net position as a percentage of the total pension liability	76.29 %	72.85 %	92.03 %	77.01 %
Covered payroll	$ 14,660,140	$ 13,612,892	$ 13,093,006	$ 12,955,620
Employers' and nonemployers' net pension liability as a percentage of covered payroll	201.39 %	238.54 %	67.55 %	186.98 %

Schedule includes all significant plans and funds administered by the State of Georgia.

2019	2018	2017	2016	2015	2014
$ 17,744,003	$ 17,628,219	$ 17,159,634	$ 17,103,987	$ 17,019,362	$ 17,042,149
13,617,472	13,517,186	13,098,299	12,373,567	12,967,964	13,291,531
$ 4,126,531	$ 4,111,033	$ 4,061,335	$ 4,730,420	$ 4,051,398	$ 3,750,618
76.74 %	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %
$ 2,615,491	$ 2,635,896	$ 2,565,918	$ 2,390,457	$ 2,353,225	$ 2,335,773
157.77 %	155.96 %	158.28 %	197.89 %	172.16 %	160.57 %
$ 100,291,641	$ 94,095,067	$ 89,926,280	$ 86,183,526	$ 82,023,120	$ 79,099,772
78,788,937	75,532,925	71,340,972	65,552,411	66,799,111	66,466,091
$ 21,502,704	$ 18,562,142	$ 18,585,308	$ 20,631,115	$ 15,224,009	$ 12,633,681
78.56 %	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %
$ 12,279,440	$ 12,009,066	$ 11,596,664	$ 11,075,907	$ 10,697,384	$ 10,349,862
175.11 %	154.57 %	160.26 %	186.27 %	142.32 %	122.07 %

Required Supplementary Information

Schedules of Changes in Employers' and Nonemployers' Net Pension Liability

Defined Benefit Pension Plans

For the Last Ten Fiscal Years

(amounts in thousands)

Employees’ Retirement System:	2023	2022	2021	2020
Total pension liability:				
Service cost	$ 151,351	$ 142,949	$ 129,500	$ 132,004
Interest	1,383,312	1,269,224	1,240,748	1,240,887
Benefit changes	—	67,351	—	65,702
Differences between expected and actual experience	166,133	(107,167)	86,061	25,736
Changes of assumptions	—	1,759,895	1,154,636	—
Benefit payments	(1,489,058)	(1,502,904)	(1,434,775)	(1,484,445)
Refunds of contributions	(5,685)	(7,182)	(6,604)	(6,644)
Net change in total pension liability	206,053	1,622,166	1,169,566	(26,760)
Total pension liability-beginning	20,508,975	18,886,809	17,717,243	17,744,003
Total pension liability-ending (a)	20,715,028	20,508,975	18,886,809	17,717,243
Plan fiduciary net position:				
Contributions-employer	838,068	611,410	606,893	634,108
Contributions-nonemployer	10,499	8,313	9,048	9,749
Contributions-member	41,577	36,130	35,027	35,837
Administrative expense allotment	—	—	—	10
Net investment income	1,503,315	(1,855,596)	3,843,581	703,840
Benefit payments	(1,489,058)	(1,502,904)	(1,434,775)	(1,484,445)
Administrative expense	(9,389)	(7,576)	(7,587)	(7,641)
Refunds of contributions	(5,685)	(7,182)	(6,604)	(6,644)
Transfers from Other Funds*	29,601	10	36	—
Other**	—	—	—	—
Net change in plan fiduciary net position	918,928	(2,717,395)	3,045,619	(115,186)
Plan fiduciary net position-beginning	13,830,510	16,547,905	13,502,286	13,617,472
Plan fiduciary net position-ending (b)	14,749,438	13,830,510	16,547,905	13,502,286
Net pension liability-ending (a)-(b)	$ 5,965,590	$ 6,678,465	$ 2,338,904	$ 4,214,957
Teachers Retirement System of Georgia:				
Total pension liability:				
Service cost	$ 1,966,543	$ 1,742,643	$ 1,734,145	$ 1,597,714
Interest	8,043,425	7,837,074	7,440,942	7,080,133
Differences between expected and actual experience	957,570	(215,975)	1,934,042	368,463
Changes of assumptions	—	5,026,914	—	1,316,780
Benefit payments	(5,957,380)	(5,692,032)	(5,434,414)	(5,192,283)
Refunds of contributions	(89,460)	(94,853)	(69,166)	(76,976)
Net change in total pension liability	4,920,698	8,603,771	5,605,549	5,093,831
Total pension liability-beginning	119,594,792	110,991,021	105,385,472	100,291,641
Total pension liability-ending (a)	124,515,490	119,594,792	110,991,021	105,385,472
Plan fiduciary net position:				
Contributions - employer	2,923,500	2,691,212	2,490,267	2,732,925
Contributions-nonemployer	5,519	5,398	5,123	5,729
Contributions-member	911,542	853,376	817,090	800,864
Net investment income	10,097,824	(12,770,564)	23,192,761	4,119,609
Benefit payments	(5,957,380)	(5,692,032)	(5,434,414)	(5,192,283)
Administrative expense	(23,285)	(16,470)	(16,668)	(17,411)
Refunds of contributions	(89,460)	(94,853)	(69,166)	(76,976)
Transfers from Other Funds*	76	104	137	164
Other**	—	—	—	—
Net change in plan fiduciary net position	7,868,336	(15,023,829)	20,985,130	2,372,621
Plan fiduciary net position-beginning	87,122,859	102,146,688	81,161,558	78,788,937
Plan fiduciary net position-ending (b)	94,991,195	87,122,859	102,146,688	81,161,558
Net pension liability-ending (a)-(b)	$ 29,524,295	$ 32,471,933	$ 8,844,333	$ 24,223,914

Schedule includes all significant plans and funds administered by the State of Georgia.

*A change in reporting was implemented beginning with fiscal year June 30, 2021 to separately report internal transfer amounts.

**Pursuant to the requirements of GASB Statement 75, the fiscal year 2018 beginning Fiduciary Net Position was restated, to reflect the impact of recording the initial Deferred Outflows of Resources and the Net OPEB liabilities and OPEB asset. Also, pursuant to the requirements of GASB Statement 68, the fiscal year 2015 beginning Fiduciary Net Position was restated.

2019	2018	2017	2016	2015	2014
$ 135,679	$ 129,294	$ 125,910	$ 143,043	$ 145,045	$ 150,075
1,233,882	1,233,689	1,230,175	1,225,650	1,227,846	1,224,380
42,097	31,097	30,563	—	—	—
155,573	180,655	72,315	(238)	(53,950)	—
—	314,733	—	70,890	—	—
(1,443,756)	(1,413,298)	(1,394,283)	(1,347,633)	(1,334,278)	(1,305,998)
(7,691)	(7,585)	(9,033)	(7,087)	(7,450)	(8,757)
115,784	468,585	55,647	84,625	(22,787)	59,700
17,628,219	17,159,634	17,103,987	17,019,362	17,042,149	16,982,449
17,744,003	17,628,219	17,159,634	17,103,987	17,019,362	17,042,149
638,989	639,302	613,191	583,082	505,668	418,807
10,220	12,865	12,080	12,484	12,495	10,945
36,252	37,130	35,863	31,961	33,713	32,423
10	10	10	10	10	—
873,404	1,166,013	1,475,626	141,292	474,147	2,021,748
(1,443,756)	(1,413,298)	(1,394,283)	(1,347,633)	(1,334,278)	(1,305,998)
(7,142)	(8,056)	(8,732)	(8,506)	(7,872)	(7,440)
(7,691)	(7,585)	(9,033)	(7,087)	(7,450)	(8,757)
—	—	10	—	—	—
—	(7,494)	—	—	—	—
100,286	418,887	724,732	(594,397)	(323,567)	1,161,728
13,517,186	13,098,299	12,373,567	12,967,964	13,291,531	12,129,803
13,617,472	13,517,186	13,098,299	12,373,567	12,967,964	13,291,531
$ 4,126,531	$ 4,111,033	$ 4,061,335	$ 4,730,420	$ 4,051,398	$ 3,750,618
$ 1,536,336	$ 1,484,705	$ 1,413,080	$ 1,435,808	$ 1,386,498	$ 1,374,556
6,868,617	6,565,372	6,293,611	5,990,178	5,779,597	5,557,046
430,272	894,691	573,483	380,526	(165,785)	—
2,388,357	—	—	662,047	—	—
(4,950,465)	(4,699,920)	(4,461,124)	(4,228,819)	(3,996,879)	(3,764,452)
(76,543)	(76,061)	(76,296)	(79,334)	(80,083)	(87,095)
6,196,574	4,168,787	3,742,754	4,160,406	2,923,348	3,080,055
94,095,067	89,926,280	86,183,526	82,023,120	79,099,772	76,019,717
100,291,641	94,095,067	89,926,280	86,183,526	82,023,120	79,099,772
2,560,810	2,014,088	1,648,411	1,572,624	1,399,668	1,264,546
5,414	4,416	6,175	7,908	7,038	6,417
759,474	745,574	716,233	685,626	661,835	640,120
4,972,419	6,247,155	7,971,677	810,574	2,384,145	9,826,743
(4,950,465)	(4,699,920)	(4,461,124)	(4,228,819)	(3,996,879)	(3,764,452)
(15,276)	(15,865)	(16,773)	(15,281)	(14,996)	(15,025)
(76,543)	(76,061)	(76,296)	(79,334)	(80,085)	(87,095)
179	220	258	—	321	—
—	(27,654)	—	—	(28,027)	—
3,256,012	4,191,953	5,788,561	(1,246,702)	333,020	7,871,254
75,532,925	71,340,972	65,552,411	66,799,113	66,466,091	58,594,837
78,788,937	75,532,925	71,340,972	65,552,411	66,799,113	66,466,091
$ 21,502,704	$ 18,562,142	$ 18,585,308	$ 20,631,115	$ 15,224,007	$ 12,633,681

Required Supplementary Information
Schedules of Investment Returns
Defined Benefit Pension Plans
For the Last Ten Fiscal Years

Annual money-weighted rate of return, net of investment expense

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Pooled Investment Fund (ERS):	4.70%	(18.70%)	19.40%	(3.60%)	(1.80%)	0.60%	2.90%	(7.23%)	(5.32%)	(5.95%)
Employees' Retirement System										
Teachers Retirement System of Georgia	8.56%	(15.18%)	25.08%	2.91%	4.08%	5.05%	7.62%	(2.92%)	(0.45%)	12.17%

Schedule includes all significant plans and funds administered by the State of Georgia.

Actuarial Methods and Assumptions - Plan Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

Employees' Retirement System

Changes of benefit terms: A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016, and a one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020. Two one-time 3% payments were granted to certain retirees and beneficiaries effective July 2021 and January 2022.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. Subsequent to the June 30, 2016 actuarial valuation, ERS Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation. In addition, based on the ERS board's new funding policy the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date, this remained unchanged for June 30, 2019 and June 20, 2020. On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-yer period ending June 30, 2019. Primary among the changes were the updates to mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. Therefore, a change in assumptions due to the reduction in the assumed investment rate of return from 7.30% to 7.00%, are reflected, along with the assumptions changes due to the experience study, in the calculation of the June 30, 2021 ERS Total Pension Liability. On April 21, 2022, the Board adopted a new funding policy superseding and replacing the funding policy adopted March 15, 2018. This new funding policy, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable COLA for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the System's asset performance. After the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed.

Teachers Retirement System of Georgia

Changes of benefit terms: There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

Changes of assumptions: On November 18, 2015, the Board adopted recommend changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal, and salary increases. Based on the funding policy adopted by the Board on May 15, 2019, the investment rate of return assumption was changed to 7.25%. In addition, the assumed rate of inflation was changed to 2.50%. On May 13, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. On May 11, 2022, the Board adopted recommended changes to the investment rate of return assumption from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Actuarial Methods and Assumptions - Plan Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, one to three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	ERS	TRS
Valuation date	June 30, 2020	June 30, 2020
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of payroll, closed
Remaining amortization period	19.0 years	24.2 years
Asset valuation method	5-year smoothed fair	5-year smoothed fair
Inflation	2.50%	2.50%
Salary increases:	3.00 - 6.75%	3.00 - 8.75%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation	7.25%, net of pension plan investment expense, including inflation
Cost-of-living adjustment	None	
Post-retirement benefit increases:		1.50%, semi-annually

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Contributions - As Employer
Defined Benefit Pension Plans
For the Last Nine Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
Primary Government				
Employees' Retirement System:				
Statutorily required contribution	$ 752,597	$ 553,222	$ 524,789	$ 578,020
Contributions in relation to the statutorily required contribution	(752,597)	(553,222)	(524,789)	(578,020)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,597,737	$ 2,341,771	$ 2,299,629	$ 2,389,515
Contributions as a percentage of the covered payroll	28.97 %	23.62 %	22.82 %	24.19 %
Teachers Retirement System of Georgia:				
Statutorily required contribution	$ 476,117	$ 425,473	$ 403,678	$ 457,759
Contributions in relation to the statutorily required contribution	(476,117)	(425,473)	(403,678)	(457,759)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 2,397,443	$ 2,149,120	$ 2,125,117	$ 2,169,964
Contributions as a percentage of the covered payroll	19.86 %	19.80 %	19.00 %	21.10 %
Component Units				
Employees' Retirement System:				
Statutorily required contribution	$ 11,740	$ 8,188	$ 8,004	$ 9,324
Contributions in relation to the statutorily required contribution	(11,740)	(8,188)	(8,004)	(9,324)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 41,227	$ 35,926	$ 34,178	$ 40,397
Contributions as a percentage of the covered payroll	28.48 %	22.79 %	23.42 %	23.08 %
Teachers Retirement System of Georgia:				
Statutorily required contribution	$ 14,839	$ 14,458	$ 14,031	$ 15,748
Contributions in relation to the statutorily required contribution	(14,839)	(14,458)	(14,031)	(15,748)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll	$ 74,338	$ 73,103	$ 73,640	$ 74,484
Contributions as a percentage of the covered payroll	19.96 %	19.78 %	19.05 %	21.14 %

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019		2018		2017		2016		2015	
$	578,876	$	582,189	$	554,976	$	505,411	$	440,602
	(578,876)		(582,189)		(554,976)		(505,411)		(440,602)
$	—	$	—	$	—	$	—	$	—
$	2,378,687	$	2,403,879	$	2,257,282	$	2,103,422	$	1,875,953
	24.34 %		24.22 %		24.59 %		24.03 %		23.49 %
$	434,861	$	339,634	$	276,210	$	261,758	$	230,939
	(434,861)		(339,634)		276,210		(261,758)		(230,939)
$	—	$	—	$	—	$	—	$	—
$	2,075,231	$	2,016,415	$	1,934,055	$	1,832,311	$	1,756,586
	20.95 %		16.84 %		14.28 %		14.29 %		13.15 %
$	9,369	$	9,184	$	9,576	$	9,425	$	8,304
	(9,369)		(9,184)		(9,576)		(9,425)		(8,304)
$	—	$	—	$	—	$	—	$	—
$	40,121	$	37,649	$	36,171	$	39,238	$	35,265
	23.35 %		24.39 %		26.47 %		24.02 %		23.55 %
$	14,338	$	11,195	$	9,248	$	8,616	$	8,231
	(14,338)		(11,195)		(9,248)		(8,616)		(8,231)
$	—	$	—	$	—	$	—	$	—
$	68,606	$	66,582	$	64,715	$	63,339	$	62,558
	20.90 %		16.81 %		14.29 %		13.60 %		13.16 %

Required Supplementary Information
Schedules of State's Contributions - As Nonemployer Contributing Entity
Defined Benefit Pension Plans
For the Last Nine Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
Employees' Retirement System:				
Statutorily required contribution	$ 10,445	$ 8,586	$ 8,931	$ 9,840
Contributions in relation to the statutorily required contribution	(10,445)	(8,586)	(8,931)	(9,840)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
Teachers Retirement System of Georgia:				
Statutorily required contribution	$ 5,519	$ 5,398	$ 5,123	$ 5,729
Contributions in relation to the statutorily required contribution	(5,519)	(5,398)	(5,123)	(5,729)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019		2018		2017		2016		2015	
$	10,404	$	10,781	$	11,967	$	12,138	$	11,174
	(10,404)		(10,781)		(11,967)		(12,138)		(11,174)
$	—	$	—	$	—	$	—	$	—
$	5,414	$	4,420	$	6,152	$	7,944	$	7,038
	(5,414)		(4,420)		(6,152)		(7,944)		(7,038)
$	—	$	—	$	—	$	—	$	—

Required Supplementary Information

Schedules of State's Proportionate Share of the Net Pension Liability - As Employer

Defined Benefit Pension Plans

For the Last Nine Fiscal Years

(amounts in thousands)

	2023	2022	2021	2020
Primary Government				
Employees' Retirement System:				
State's proportion of the net pension liability	88.327728 %	88.744453 %	88.814112 %	88.906000 %
State's proportionate share of the net pension liability	$ 5,898,936	$ 2,075,647	$ 3,743,477	$ 3,667,433
State's Covered payroll	$ 2,341,771	$ 2,299,629	$ 2,389,515	$ 2,378,687
State's proportionate share of the net pension liability as a percentage of its covered payroll	251.90 %	90.26 %	156.66 %	154.18 %
Plan fiduciary net position as a percentage of the total pension liability	67.44 %	87.62 %	76.21 %	76.74 %
Teachers Retirement System of Georgia:				
State's proportion of the net pension liability	15.896957 %	16.325966 %	16.800653 %	17.045266 %
State's proportionate share of the net pension liability	$ 5,161,424	$ 1,443,829	$ 4,069,621	$ 3,664,958
State's Covered payroll	$ 2,149,120	$ 2,125,117	$ 2,169,964	$ 2,075,231
State's proportionate share of the net pension liability as a percentage of its covered payroll	240.16 %	67.94 %	187.54 %	176.60 %
Plan fiduciary net position as a percentage of the total pension liability	72.85 %	92.03 %	77.01 %	78.56 %
Component Units				
Employees' Retirement System:				
State's proportion of the net pension liability	1.344978 %	1.307751 %	1.490203 %	1.473466 %
State's proportionate share of the net pension liability	$ 89,823	$ 30,587	$ 62,811	$ 60,803
State's Covered payroll	$ 35,926	$ 34,178	$ 40,397	$ 40,121
State's proportionate share of the net pension liability as a percentage of its covered payroll	250.02 %	89.49 %	155.48 %	151.55 %
Plan fiduciary net position as a percentage of the total pension liability	67.44 %	87.62 %	76.21 %	76.74 %
Teachers Retirement System of Georgia:				
State's proportion of the net pension liability	0.539940 %	0.565710 %	0.577537 %	0.562276 %
State's proportionate share of the net pension liability	$ 175,329	$ 50,033	$ 139,902	$ 120,905
State's Covered payroll	$ 73,103	$ 73,640	$ 74,484	$ 68,606
State's proportionate share of the net pension liability as a percentage of its covered payroll	239.84 %	67.94 %	187.83 %	176.23 %
Plan fiduciary net position as a percentage of the total pension liability	72.85 %	92.03 %	77.01 %	78.56 %

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

	2019	2018	2017	2016	2015
	88.948204 %	88.415594 %	87.798535 %	87.682412 %	87.266834 %
	$ 3,656,194	$ 3,590,854	$ 4,153,237	$ 3,552,363	$ 3,273,046
	$ 2,403,879	$ 2,257,282	$ 2,103,422	$ 1,875,953	$ 1,615,070
	152.10 %	159.08 %	197.45 %	189.36 %	202.66 %
	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %
	17.011357 %	16.885665 %	16.741530 %	16.687812 %	16.517474 %
	$ 3,157,367	$ 3,137,798	$ 3,453,291	$ 2,540,211	$ 2,086,629
	$ 2,016,415	$ 1,934,055	$ 1,832,311	$ 1,756,586	$ 1,683,292
	156.58 %	162.24 %	188.47 %	144.61 %	123.96 %
	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %
	1.369623 %	1.501635 %	1.639295 %	1.557127 %	1.543905 %
	$ 56,305	$ 60,985	$ 77,545	$ 63,085	$ 57,906
	$ 37,649	$ 36,171	$ 39,238	$ 35,265	$ 28,075
	149.55 %	168.60 %	197.63 %	178.89 %	206.25 %
	76.68 %	76.33 %	72.34 %	76.20 %	77.99 %
	0.558992 %	0.564739 %	0.577541 %	0.564109 %	0.590520 %
	$ 103,761	$ 104,910	$ 119	$ 85,798	$ 74,604
	$ 66,582	$ 64,715	$ 63,339	$ 62,558	$ 60,180
	155.84 %	162.11 %	187.83 %	137.15 %	123.97 %
	80.27 %	79.33 %	76.06 %	81.44 %	84.03 %

Required Supplementary Information
Schedules of State's Proportionate Share of the Net Pension Liability - As Nonemployer Contributing Entity
Defined Benefit Pension Plans
For the Last Nine Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
Employees' Retirement System:				
State's proportion of the net pension liability	1.385222 %	1.510823 %	1.560184 %	1.633579 %
State's proportionate share of the net pension liability	$ 92,512	$ 35,337	$ 65,761	$ 67,410
Plan fiduciary net position as a percentage of the total pension liability	67.44 %	87.62 %	76.21 %	76.74 %
Teachers Retirement System of Georgia:				
State's proportion of the net pension liability (asset)	0.201577 %	0.206584 %	0.210185 %	0.212260 %
State's proportionate share of the net pension liability (asset)	$ 65,456	$ 18,271	$ 50,915	$ 45,642
Plan fiduciary net position as a percentage of the total pension liability	72.85 %	92.03 %	77.01 %	78.56 %

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019		2018		2017		2016		2015
	1.696518 %		1.891959 %		2.111751 %		2.225584 %	2.410713 %
$	69,744	$	76,839	$	99,895	$	90,167	$ 90,417
	76.68 %		76.33 %		72.34 %		76.20 %	77.99 %
	0.220738 %		0.375432 %		0.507487 %		0.507036 %	0.504588 %
$	40,974	$	69,775	$	104,700	$	77,191	$ 63,748
	80.27 %		79.33 %		76.06 %		81.44 %	84.03 %

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - State as Employer Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of actuarially determined contributions.

Employees' Retirement System

Changes of benefit terms: A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2016. A one-time 3% payment was granted to certain retirees and beneficiaries effective July 2017. Two one-time 2% payments were granted to certain retirees and beneficiaries effective July 2018 and January 2019. Two one-time payments were granted to certain retirees and beneficiaries effective July 2019 and January 2020. Two one-time 3% payments were payments were granted to certain retirees and beneficiaries effective July 2021 and January 2022.

Changes of assumptions: On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, and withdrawal. On March 15, 2018, the ERS Board adopted a new funding policy, and this policy was most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the ERS Board's new funding policy, the assumed investment rate of return was further reduced from 7.40% to 7.30% as of June 30, 2018 measurement date. On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability. On April 21, 2022, the Board adopted a new funding policy superseding and replacing this funding policy. This new funding policy which, in part, provides that the Actuarial Accrued Liability and Normal Cost of the System will include a prefunded variable Cost-of-Living Adjustment (COLA) for eligible retirees and beneficiaries of the System. Under the new policy, future COLAs are provided through a profit-sharing mechanism using the Systems's asset performance. After studying the parameters of this new policy, the assumption for future COLAs was set at 1.05%. Previously, no future COLAs were assumed. In addition, the funding policy set the assumed rate of return at 7.20% for the June 30, 2021 valuation and established a new Transitional Unfunded Actuarial Accrued Liability as of June 30, 2021 which will be amortized over a closed 20-year period.

Teachers Retirement System of Georgia

Changes of benefit terms: There were no changes in benefits terms that affect the measurement of the total pension liability since the prior measurement date.

Changes of assumptions: On November 18, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. Effective with the June 30, 2018 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.50% to 7.25%, and the assumed annual rate of inflation was changed from 2.75% to 2.50%. On May 13, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, and withdrawal. Effective with the June 21, 2021 valuation, the long-term assumed rate of return on assets (discount rate) was changed from 7.25% to 6.90%, and the payroll growth assumption was changed from 3.00% to 2.50%.

Required Supplementary Information
Notes to Required Supplementary Information
Defined Benefit Pension Plans
Methods and Assumptions
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - State as Employer Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' and non-employers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	ERS	TRS
Valuation date	June 30, 2019	June 30, 2019
Actuarial cost method	Entry age	Entry age
Amortization method	Level dollar, closed	Level percent of payroll, closed
Remaining amortization period	15.3 years	24.9 years
Asset valuation method	5-year smoothed market	5-year smoothed fair
Inflation	2.75%	2.50%
Salary increases:	3.25 - 7.00%, including inflation	3.00 - 8.75%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation	7.25%, net of pension plan investment expense, including inflation
Post-Retirement Benefit Increases		1.50% semi-annually

Schedule includes all significant plans and funds administered by the State of Georgia

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Required Supplementary Information
Schedule of Employers' Contributions
Multi-Employer and Single-Employer OPEB Plans
For the Last Ten Fiscal Years
(amounts in thousands)

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency/ (Excess) (a - b)	Covered Payroll	Contributions as a Percentage of Covered Payroll (b/c)
State OPEB[1]	6/30/2014	$ 321,456	$ 177,045	$ 144,411	$ 2,293,104	7.72 %
	6/30/2015	275,681	267,235	8,446	2,333,060	11.45 %
	6/30/2016	259,250	574,015	(314,765)	2,404,901	23.87 %
	6/30/2017	202,092	498,202	(296,110)	2,483,060	20.06 %
	6/30/2018	232,161	501,574	(269,413)	2,535,722	19.78 %
	6/30/2019	218,962	534,673	(315,711)	2,802,815	19.08 %
	6/30/2020	210,034	150,489	59,545	2,797,241	5.38 %
	6/30/2021	178,423	151,709	26,714	2,815,892	5.39 %
	6/30/2022	152,792	161,693	(8,901)	2,673,570	6.05 %
	6/30/2023	105,488	177,693	(72,205)	2,772,499	6.41 %
School OPEB[1]	6/30/2014	$ 943,310	$ 408,422	$ 534,888	N/A	N/A
	6/30/2015	873,278	408,538	464,740	N/A	N/A
	6/30/2016	873,736	432,438	441,298	N/A	N/A
	6/30/2017	669,894	521,408	148,486	N/A	N/A
	6/30/2018	824,872	518,290	306,582	N/A	N/A
	6/30/2019	833,291	538,569	294,722	N/A	N/A
	6/30/2020	786,912	338,177	448,735	N/A	N/A
	6/30/2021	754,013	371,855	382,158	N/A	N/A
	6/30/2022	728,211	361,575	366,636	N/A	N/A
	6/30/2023	596,463	384,444	212,019	N/A	N/A

(continued)

1 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Employers' Contributions
Multi-Employer and Single-Employer OPEB Plans
For the Last Ten Fiscal Years
(amounts in thousands)

	Year Ended	Actuarially Determined Contribution (a)	Contributions in Relation to the Actuarially Determined Contribution (b)	Contribution Deficiency/ (Excess) (a - b)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll (b/c)
Regents Plan[2,4,5]	6/30/2014	$ 403,314	$ 120,926	$ 282,388	$ 2,594,800	4.66 %
	6/30/2015	442,359	129,823	312,536	2,608,757	4.98 %
	6/30/2016	295,192	111,814	183,378	3,087,013	3.62 %
	6/30/2017	349,859	99,584	250,275	3,122,694 [3]	3.19 %
	6/30/2018	467,338	158,420	308,918	3,218,771	4.92 %
	6/30/2019	484,599	160,383	324,216	3,375,246	4.75 %
	6/30/2020	417,744	102,792	314,952	3,622,124	2.84 %
	6/30/2021	387,020	117,381	269,639	3,610,622	3.25 %
	6/30/2022	328,236	146,343	181,893	3,837,859	3.81 %
	6/30/2023	270,260	101,486	168,774	3,991,896	2.54 %
SEAD-OPEB[5]	6/30/2014	$ —	$ —	$ —	N/A	N/A
	6/30/2015	—	—	—	N/A	N/A
	6/30/2016	—	—	—	N/A	N/A
	6/30/2017	—	—	—	N/A	N/A
	6/30/2018	—	—	—	N/A	N/A
	6/30/2019	—	—	—	N/A	N/A
	6/30/2020	—	—	—	N/A	N/A
	6/30/2021	—	—	—	N/A	N/A
	6/30/2022	—	—	—	N/A	N/A
	6/30/2023	—	—	—	N/A	N/A

2 For purposes of GASB 75, the Regents plans present Covered-Employee Payroll.

3 June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

4 Refer to the "Notes to the Required Supplementary Information" (Plan Perspective) for additional information regarding OPEB funding.

5 This data, except for annual covered payroll, was provided by each plan's actuary.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedule of Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Seven Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
State OPEB Fund:				
Total OPEB liability	$ 2,314,185	$ 2,250,451	$ 2,213,298	$ 2,792,919
Plan fiduciary net position	2,030,744	1,801,133	1,938,443	1,667,521
Employers' net OPEB liability	$ 283,441	$ 449,318	$ 274,855	$ 1,125,398
Plan fiduciary net position as a percentage of the total OPEB liability	87.75 %	80.03 %	87.58 %	59.71 %
Covered payroll	$ 2,772,499	$ 2,673,570	$ 2,815,892	$ 2,797,241
Employers' net OPEB liability as a percentage of covered payroll	10.22 %	16.81 %	9.76 %	40.23 %
School OPEB Fund:				
Total OPEB liability	$ 11,658,704	$ 10,554,743	$ 11,539,870	$ 15,298,688
Plan fiduciary net position	705,291	651,562	709,042	611,017
Employers' net OPEB liability	$ 10,953,413	$ 9,903,181	$ 10,830,828	$ 14,687,671
Plan fiduciary net position as a percentage of the total OPEB liability	6.05 %	6.17 %	6.14 %	3.99 %
Covered payroll	N/A	N/A	N/A	N/A
Employers' net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A
SEAD-OPEB Plan:				
Total OPEB liability	$ 991,143	$ 966,698	$ 950,995	$ 972,700
Plan fiduciary net position	1,432,148	1,334,285	1,566,821	1,256,718
Employers' net OPEB (asset)	$ (441,005)	$ (367,587)	$ (615,826)	$ (284,018)
Plan fiduciary net position as a percentage of the total OPEB liability	144.49 %	138.03 %	164.76 %	129.20 %
Covered payroll	$ 989,420	$ 982,303	$ 1,030,717	$ 1,135,433
Employers' net OPEB (asset) as a percentage of covered payroll	(44.57%)	(37.42%)	(59.75%)	(25.01%)
Regents Plan:				
Total OPEB liability	$ 3,396,082	$ 4,173,225	$ 5,228,380	$ 5,493,697
Plan fiduciary net position	218,735	211,904	195,299	159,978
Employers' net OPEB liability	$ 3,177,347	$ 3,961,321	$ 5,033,081	$ 5,333,719
Plan fiduciary net position as a percentage of the total OPEB liability	6.44 %	5.08 %	3.74 %	2.91 %
Covered payroll*	$ 3,991,896	$ 3,837,859	$ 3,610,622	$ 3,622,124
Employers' net OPEB liability as a percentage of covered payroll	79.59 %	103.22 %	139.40 %	147.25 %

* June 30, 2017 covered employee payroll for the Board of Regents Retiree Health Benefit Plan was restated.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019	2018	2017
$ 2,858,521	$ 3,817,453	$ 4,929,142
1,617,207	1,201,865	854,937
$ 1,241,314	$ 2,615,588	$ 4,074,205
56.57 %	31.48 %	17.34 %
$ 2,802,815	$ 2,535,722	$ 2,483,060
44.29 %	103.15 %	164.08 %
$ 12,867,274	$ 13,092,956	$14,279,644
595,129	383,263	229,685
$ 12,272,145	$ 12,709,693	$14,049,959
4.63 %	2.93 %	1.61 %
N/A	N/A	N/A
N/A	N/A	N/A
$ 951,091	$ 918,816	$ 861,346
1,233,856	1,189,462	1,121,251
$ (282,765)	$ (270,646)	$ (259,905)
129.73 %	129.46 %	130.17 %
$ 1,211,274	$ 1,328,485	$ 1,383,860
(23.34%)	(20.37%)	(18.78%)
$ 4,616,023	$ 4,486,796	$ 4,227,583
144,455	76,045	7,857
$ 4,471,568	$ 4,410,751	$ 4,219,726
3.13 %	1.69 %	0.19 %
$ 3,375,246	$ 3,218,771	$ 3,122,694
132.48 %	137.03 %	135.13 %

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Seven Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
State OPEB Fund:				
Total OPEB liability:				
Service cost	$ 31,683	$ 32,412	$ 40,439	$ 39,825
Interest	150,839	149,226	191,884	203,201
Differences between expected and actual experience	(109,192)	18,509	(657,643)	(185,261)
Changes of assumptions	181,611	—	(4,268)	26,555
Benefit payments	(191,207)	(162,994)	(150,033)	(149,922)
Net change in total OPEB liability	63,734	37,153	(579,621)	(65,602)
Total OPEB liability-beginning	2,250,451	2,213,298	2,792,919	2,858,521
Total OPEB liability-ending (a)	2,314,185	2,250,451	2,213,298	2,792,919
Plan fiduciary net position:				
Contributions-employer	177,694	161,693	151,709	150,489
Net investment income	244,739	(134,599)	270,803	51,938
Benefit payments	(191,207)	(162,994)	(150,033)	(149,922)
Administrative expense	(1,615)	(1,410)	(1,557)	(2,191)
Net change in plan fiduciary net position	229,611	(137,310)	270,922	50,314
Plan fiduciary net position-beginning	1,801,133	1,938,443	1,667,521	1,617,207
Plan fiduciary net position-ending (b)	2,030,744	1,801,133	1,938,443	1,667,521
Net OPEB liability-ending (a)-(b)	$ 283,441	$ 449,318	$ 274,855	$ 1,125,398
School OPEB Fund:				
Total OPEB liability:				
Service cost	$ 375,176	$ 499,105	$ 639,070	$ 458,802
Interest	369,360	249,845	335,549	454,637
Differences between expected and actual experience	(366,451)	471,309	(4,394,955)	(619,357)
Changes of assumptions	1,142,902	(1,838,827)	29,294	2,473,164
Benefit payments	(417,026)	(366,559)	(367,776)	(335,832)
Net change in total OPEB liability	1,103,961	(985,127)	(3,758,818)	2,431,414
Total OPEB liability-beginning	10,554,743	11,539,870	15,298,688	12,867,274
Total OPEB liability-ending (a)	11,658,704	10,554,743	11,539,870	15,298,688
Plan fiduciary net position:				
Contributions-employer	384,444	361,575	371,855	338,177
Net investment income	89,715	(49,305)	97,704	18,795
Benefit payments	(417,026)	(366,559)	(367,776)	(335,832)
Administrative expense	(3,404)	(3,191)	(3,758)	(5,252)
Net change in plan fiduciary net position	53,729	(57,480)	98,025	15,888
Plan fiduciary net position-beginning	651,562	709,042	611,017	595,129
Plan fiduciary net position-ending (b)	705,291	651,562	709,042	611,017
Net OPEB liability-ending (a)-(b)	$ 10,953,413	$ 9,903,181	$ 10,830,828	$ 14,687,671

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia

2019	2018	2017
$ 63,724	$ 112,297	$ 119,686
194,860	174,427	158,096
(371,757)	(267,124)	—
(676,765)	(963,394)	(383,932)
(168,993)	(167,896)	(162,145)
(958,931)	(1,111,690)	(268,295)
3,817,452	4,929,142	5,197,437
2,858,521	3,817,452	4,929,142
534,673	501,574	498,202
51,687	15,300	4,696
(168,993)	(167,896)	(162,145)
(2,025)	(2,052)	(2,077)
415,342	346,926	338,676
1,201,865	854,939	516,261
1,617,207	1,201,865	854,937
$ 1,241,314	$ 2,615,587	$ 4,074,205
$ 408,667	$ 521,135	$ 557,770
500,123	504,681	452,024
(1,298,677)	(341,373)	—
503,959	(1,506,313)	(1,262,291)
(339,754)	(364,818)	(383,556)
(225,682)	(1,186,688)	(636,053)
13,092,956	14,279,644	14,915,697
12,867,274	13,092,956	14,279,644
538,569	518,290	521,408
17,468	4,563	1,148
(339,754)	(364,818)	(383,556)
(4,417)	(4,457)	(4,727)
211,866	153,578	134,273
383,263	229,685	95,412
595,129	383,263	229,685
$ 12,272,145	$ 12,709,693	$ 14,049,959

(continued)

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability
Multi-Employer and Single-Employer OPEB Plans
For the Last Seven Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
SEAD-OPEB Plan:				
Total OPEB liability:				
Service cost	$ 2,318	$ 2,551	$ 2,957	$ 3,237
Interest	65,897	64,643	69,011	67,796
Differences between expected and actual experience	6,841	3,562	(2,342)	(4,670)
Changes of assumptions	—	—	(36,651)	—
Benefit payments	(50,611)	(55,053)	(54,680)	(44,754)
Net change in total OPEB liability	24,445	15,703	(21,705)	21,609
Total OPEB liability-beginning	966,698	950,995	972,700	951,091
Total OPEB liability-ending (a)	991,143	966,698	950,995	972,700
Plan fiduciary net position:				
Insurance premiums-member	2,624	2,641	2,817	3,088
Net investment income	146,685	(179,369)	362,663	65,248
Benefit payments	(50,611)	(55,053)	(54,680)	(44,754)
Administrative expense	(835)	(755)	(697)	(720)
Other	—	—	—	—
Net change in plan fiduciary net position	97,863	(232,536)	310,103	22,862
Plan fiduciary net position-beginning	1,334,285	1,566,821	1,256,718	1,233,856
Plan fiduciary net position-ending (b)	1,432,148	1,334,285	1,566,821	1,256,718
Net OPEB (asset)-ending (a)-(b)	$ (441,005)	$ (367,587)	$ (615,826)	$ (284,018)
Regents Plan:				
Total OPEB liability:				
Service cost	$ 93,224	$ 139,285	$ 161,299	$ 226,810
Interest	149,263	115,866	123,861	167,864
Benefit changes	(83,073)	—	—	(81,917)
Differences between expected and actual experience	27,213	(24,857)	89,218	94,948
Changes of assumptions	(862,908)	(1,179,498)	(538,325)	564,180
Benefit payments	(100,862)	(105,951)	(101,370)	(94,211)
Net change in total OPEB liability	(777,143)	(1,055,155)	(265,317)	877,674
Total OPEB liability-beginning	4,173,225	5,228,380	5,493,697	4,616,023
Total OPEB liability-ending (a)	3,396,082	4,173,225	5,228,380	5,493,697
Plan fiduciary net position:				
Contributions-employer	101,485	146,343	117,381	102,792
Net investment income	7,604	(22,284)	20,259	7,528
Benefit payments	(100,862)	(105,951)	(101,370)	(94,211)
Administrative expense	(1,396)	(1,503)	(949)	(586)
Net change in plan fiduciary net position	6,831	16,605	35,321	15,523
Plan fiduciary net position-beginning	211,904	195,299	159,978	144,455
Plan fiduciary net position-ending (b)	218,735	211,904	195,299	159,978
Net OPEB liability-ending (a)-(b)	$ 3,177,347	$ 3,961,321	$ 5,033,081	$ 5,333,719

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019	2018	2017
$ 3,617	$ 3,695	$ 3,959
65,708	63,242	61,076
366	4,697	—
—	22,085	—
(37,416)	(36,249)	(36,058)
32,275	57,470	28,977
918,816	861,346	832,369
951,091	918,816	861,346
3,328	3,599	3,793
79,193	101,542	125,550
(37,416)	(36,249)	(36,058)
(716)	(681)	(576)
5	—	1
44,394	68,211	92,710
1,189,462	1,121,251	1,028,541
1,233,856	1,189,462	1,121,251
$ (282,765)	$ (270,646)	$ (259,905)
$ 217,648	$ 236,917	$ 211,513
180,173	158,223	124,612
(11,211)	—	—
(29,667)	264,729	123,090
(129,153)	(310,107)	(347,331)
(98,563)	(90,549)	(89,653)
129,227	259,213	22,231
4,486,796	4,227,583	4,205,352
4,616,023	4,486,796	4,227,583
160,383	158,420	99,584
7,126	802	72
(98,563)	(90,549)	(89,653)
(536)	(485)	(5,045)
68,410	68,188	4,958
76,045	7,857	2,899
144,455	76,045	7,857
$ 4,471,568	$ 4,410,751	$ 4,219,726

Required Supplementary Information
Schedule of Investment Returns
Multi-Employer and Single-Employer OPEB Plans
For the Last Seven Fiscal Years

	Annual money-weighted rate of return, net of investment expense						
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
State OPEB Fund	13.56%	(6.94%)	16.23%	3.21%	3.85%	1.54%	0.74%
School OPEB Fund	13.54%	(6.93%)	15.91%	3.16%	3.80%	1.57%	0.78%
SEAD-OPEB Plan	4.70%	(18.70%)	19.40%	(3.60%)	(1.80%)	0.60%	2.90%
Regents Plan	3.67%	(11.15%)	12.00%	5.27%	7.99%	2.85%	0.99%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

Actuarial Methods and Assumptions - Plan Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

State OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2022 valuation: The tobacco use assumption and aging factors were revised.
- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study.
- June 30, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.5% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the TRS experience study. Approximately 6% of State OPEB employees are members of TRS.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2022 valuation: The tobacco use assumption and aging factors were revised.
- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study. Approximately 0.10% of employees are members of ERS.
- June 30, 2019 valuation: Decremental assumptions were changed to reflect the TRS experience study.
- June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.5%.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.

- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

SEAD-OPEB Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes were first reflected in the calculations of the June 30, 2021 Total OPEB Liability.
- On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

Regents Plan

Changes of benefit terms: HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 2018 is based on a policy that ties years of service to the amount the University System of Georgia contributes based on 22-tiers ranging from 100% for employees retiring with 30 years of service to 21% for employees retiring with 10 years of service. Effective January 1, 2024, the HRA for medicare eligible retirees was decreased from $2,736 to $2,640 to purchase individual coverage and from $5,472 to $5,280 for dual coverage.

Changes of assumptions:
- Expected claims were updated to reflect actual claims experience.
- Trend rate schedule was updated to anticipated future experience
- The Catastrophic Drug Claim Fund assumption was updated from $200,000 annually to a one time cost of $130,000 to reflect the elimination of the catastrophic gap effective January 1, 2024 as part of the Inflation Reduction Act.
- The discount rate was updated from 3.54% as of June 30, 2022 to 3.69% as of June 30, 2023.
- The Expected Return on Assets was changed from 4.36% to 5.40%.
- The HRA trend rate assumption was updated from 4.00% to 2.00% to reflect anticipated future experience as a result of constant HRA amount from 2016 through 2023, and the decrease in HRA amount effective January 1, 2024.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - Plan Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedule of employers' contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported for State, School, and SEAD-OPEB Plan, and as of June 30, 2019 for the Regents Plan. The following actuarial methods and assumptions were used to determine the most recent contribution rates in the schedule:

	State OPEB	School OPEB
Valuation date	June 30, 2020	June 30, 2020
Actuarial cost method	Projected unit credit	Projected unit credit
Amortization method	Level percent of pay, open	Level percent of pay, open
Remaining amortization period	30 years	30 years
Asset Valuation method	Market Value	Market Value
Inflation	2.50%	2.50%
Healthcare cost trend rate		
Pre-Medicare Eligible	6.75%	6.75%
Medicare Eligible	5.13%	5.13%
Ultimate Trend Rate		
Pre-Medicare Eligible	4.50%	4.50%
Medicare Eligible	4.50%	4.50%
Year of ultimate trend rate	2029 Pre-Medicare Eligible 2023 Medicare Eligible	2029 Pre-Medicare Eligible 2023 Medicare Eligible
Investment Rate of return*	4.50%	4.50%

	SEAD-OPEB Plan	Regents Plan
Valuation date	June 30, 2020	May 1, 2023
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Level dollar, open	Closed amoritization period for unfunded and subsequent actuatial gains/losses
Remaining amortization period	Infinite	
Asset Valuation method	Fair Value	Fair Value
Inflation	2.50%	2.30%
Salary Increases	3.00 - 6.75%	3.75%
Healthcare cost trend rate		
Pre-Medicare Eligible	N/A	7.70%
Medicare Eligible	N/A	2.00%
Ultimate Trend Rate		
Pre-Medicare Eligible	N/A	4.50%
Medicare Eligible	N/A	2.00%
Year of ultimate trend rate	N/A	2034 Pre-Medicare Eligible 2023 Medicare Eligible
Investment Rate of return*	7.30%	5.40%

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you go basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

Required Supplementary Information
Schedules of State's Contributions - As Employer
Multi-Employer OPEB Plans
For the Last Six Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
Primary Government				
State OPEB Fund:				
Statutorily required contribution	$ 162,864	$ 146,304	$ 138,733	$ 139,402
Contributions in relation to the statutorily required contribution	(162,864)	(146,304)	(138,733)	(139,402)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll*	$ 2,844,730	$ 2,530,746	$ 2,456,217	$ 2,588,350
Contributions as a percentage of the covered payroll	5.73 %	5.78 %	5.65 %	5.39 %
SEAD-OPEB Plan:				
Actuarially determined contribution	$ —	$ —	$ —	$ —
Contributions in relation to the statutorily required contribution	—	—	—	—
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll*	$ 920,304	$ 916,501	$ 972,290	$ 1,068,459
Contributions as a percentage of the covered payroll	N/A	N/A	N/A	N/A
Component Units				
State OPEB Fund:				
Statutorily required contribution	$ 449	$ 265	$ 264	$ 270
Contributions in relation to the statutorily required contribution	(449)	(265)	(264)	(270)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll*	$ 17,879	$ 15,617	$ 11,766	$ 12,240
Contributions as a percentage of the covered payroll	2.51 %	1.70 %	2.24 %	2.21 %
School OPEB Fund:				
Statutorily required contribution	$ 2,213	$ 2,299	$ 2,470	$ 2,315
Contributions in relation to the statutorily required contribution	(2,213)	(2,299)	(2,470)	(2,315)
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered-employee payroll*	$ 73,004	$ 71,594	$ 73,098	$ 74,439
Contributions as a percentage of the covered-employee payroll	3.03 %	3.21 %	3.38 %	3.11 %
SEAD-OPEB Plan:				
Actuarially determined contribution	$ —	$ —	$ —	$ —
Contributions in relation to the statutorily required contribution	—	—	—	—
Contribution Deficiency (excess)	$ —	$ —	$ —	$ —
State's covered payroll*	$ 11,147	$ 11,346	$ 11,450	$ 14,304
Contributions as a percentage of the covered payroll	N/A	N/A	N/A	N/A

* current year amounts are estimates

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019	2018
$ 493,986	$ 461,566
(493,986)	(461,566)
$ —	$ —
$ 2,636,539	$ 2,454,971
18.74 %	18.80 %
$ —	$ —
—	—
$ —	$ —
$ 1,145,756	$ 1,247,936
N/A	N/A
$ 971	$ 979
(971)	(979)
$ —	$ —
$ 12,585	$ 13,038
7.72 %	7.51 %
$ 3,501	$ 3,243
(3,501)	(3,243)
$ —	$ —
$ 68,679	$ 65,272
5.10 %	4.97 %
$ —	$ —
—	—
$ —	$ —
$ 14,739	$ 15,496
N/A	N/A

Required Supplementary Information

Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

For the Last Six Fiscal Years

(amounts in thousands)

	2023	2022	2021	2020
Primary Government				
Multi-Employer Plans				
State OPEB Fund:				
State's proportion of the net OPEB liability	91.941691 %	91.448130 %	92.138890 %	92.429945 %
State's proportionate share of the net OPEB liability	$ 413,111	$ 251,350	$ 1,036,929	$ 1,152,855
State's covered payroll	$ 2,530,746	$ 2,456,217	$ 2,588,350	$ 2,636,539
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.32 %	10.23 %	40.06 %	43.73 %
Plan fiduciary net position as a percentage of the total OPEB liability	80.03 %	87.58 %	59.71 %	56.57 %
SEAD-OPEB Plan:				
State's proportion of the net OPEB liability	89.463755 %	89.694827 %	89.669956 %	89.830175 %
State's proportionate share of the net OPEB liability (asset)	$ (328,858)	$ (552,364)	$ (254,679)	$ (253,962)
State's covered payroll	$ 916,501	$ 972,290	$ 1,068,459	$ 1,145,756
State's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(35.88%)	(56.81%)	(23.84%)	(22.17%)
Plan fiduciary net position as a percentage of the total OPEB liability	138.03 %	164.76 %	129.20 %	129.73 %
Single-Employer Plan				
Regents Plan:				
State's proportion of the net OPEB liability	100.000000 %	100.000000 %	100.000000 %	100.000000 %
State's proportionate share of the net OPEB liability	$ 3,961,321	$ 5,033,081	$ 5,333,719	$ 4,471,568
State's covered-employee payroll	$ 3,837,859	$ 3,610,622	$ 3,622,124	$ 3,375,246
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	103.22 %	139.40 %	147.25 %	132.48 %
Plan fiduciary net position as a percentage of the total OPEB liability	5.08 %	3.74 %	2.91 %	3.13 %

[1] Prior year percentage calculation was updated.

2019	2018
92.022957 %	91.476285 %
$ 2,409,618	$ 3,726,929
$ 2,454,971	$ 2,305,259
98.15 %	161.67 %
31.48 %	17.34 %
89.813400%[1]	89.559271 %
$ (243,103)	$ (232,195)
$ 1,247,936	$ 1,247,936
(19.48%)	(18.61%)
129.46 %	130.17 %
100.000000 %	100.000000 %
$ 4,410,751	$ 4,219,726
$ 3,218,771	$ 3,122,694
137.03 %	135.13 %
1.69 %	0.19 %

(continued)

Required Supplementary Information

Schedules of State's Proportionate Share of the Net OPEB Liability - As Employer

For the Last Six Fiscal Years

(amounts in thousands)

	2023	2022	2021	2020
Component Units				
Multi-Employer Plans				
State OPEB Fund:				
State's proportion of the net OPEB liability	0.177292 %	0.174130 %	0.196236 %	0.197090 %
State's proportionate share of the net OPEB liability	$ 797	$ 479	$ 2,018	$ 2,253
State's covered payroll	$ 15,617	$ 11,766	$ 12,240	$ 12,585
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	5.10 %	4.07 %	16.49 %	17.90 %
Plan fiduciary net position as a percentage of the total OPEB liability	80.03 %	87.58 %	59.71 %	56.57 %
School OPEB Fund:				
State's proportion of the net OPEB liability	0.635845 %	0.663981 %	0.684502 %	0.650152 %
State's proportionate share of the net OPEB liability	$ 62,969	$ 71,915	$ 100,537	$ 79,788
State's covered-employee payroll	$ 71,594	$ 73,098	$ 74,439	$ 68,679
State's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	87.95 %	98.38 %	135.06 %	116.18 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.17 %	6.14 %	3.99 %	4.63 %
SEAD-OPEB Plan:				
State's proportion of the net OPEB liability	1.107714 %	1.056297 %	1.200696 %	1.155560 %
State's proportionate share of the net OPEB liability (asset)	$ (4,046)	$ (6,444)	$ (3,377)	$ (3,237)
State's covered payroll	$ 11,346	$ 11,450	$ 14,304	$ 14,739
State's proportionate share of the net OPEB liability as a percentage of its covered payroll	(35.66%)	(56.28%)	(23.61%)	(21.96%)
Plan fiduciary net position as a percentage of the total OPEB liability	138.03 %	164.76 %	129.20 %	129.73 %

The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019	2018
0.209969 %	0.213868 %
$ 5,107	$ 8,097
$ 13,038	$ 12,526
39.17 %	64.64 %
31.48 %	17.34 %
0.625763 %	0.598651 %
$ 79,533	$ 84,110
$ 65,272	$ 63,442
121.85 %	132.58 %
2.93 %	1.61 %
1.119336 %	1.245396 %
$ (3,000)	$ (3,195)
$ 15,496	$ 15,496
(19.36%)	(20.62%)
129.46 %	130.17 %

Required Supplementary Information
Schedule of Employers' Net OPEB Liability - As Employer
Single-Employer OPEB Plans
For the last Six Fiscal Years
(amounts in thousands)

	2023	2022	2021	2020
Regents Plan:				
Total OPEB liability	$ 4,173,225	$ 5,228,380	$ 5,493,697	$ 4,616,023
Plan fiduciary net position	211,904	195,299	159,978	144,455
Employers' net OPEB liability	$ 3,961,321	$ 5,033,081	$ 5,333,719	$ 4,471,568
Plan fiduciary net position as a percentage of the total OPEB liability	5.08 %	3.74 %	2.91 %	3.13 %
Covered-employee payroll	$ 3,837,859	$ 3,610,622	$ 3,622,124	$ 3,375,246
Employers' net OPEB liability as a percentage of covered-employee payroll	103.22 %	139.40 %	147.25 %	132.48 %

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

	2019	2018
	$ 4,486,796	$ 4,227,583
	76,045	7,857
	$ 4,410,751	$ 4,219,726
	1.69 %	0.19 %
	$ 3,218,771	$ 3,122,694
	137.03 %	135.13 %

Required Supplementary Information
Schedule of Changes in Employers' Net OPEB Liability - As Employer
Single-Employer OPEB Plans
For the Last Six Fiscal Years

(amounts in thousands)

	2023	2022	2021	2020
Regents Plan:				
Total OPEB liability:				
Service cost	$ 139,285	$ 161,299	$ 226,810	$ 217,648
Interest	115,866	123,861	167,864	180,173
Benefit changes	—	—	(81,917)	(11,211)
Differences between expected and actual experience	(24,857)	89,218	94,948	(29,667)
Changes of assumptions	(1,179,498)	(538,325)	564,180	(129,153)
Benefit payments/Refunds	(105,951)	(101,370)	(94,211)	(98,563)
Net change in total OPEB liability	(1,055,155)	(265,317)	877,674	129,227
Total OPEB liability-beginning	5,228,380	5,493,697	4,616,023	4,486,796
Total OPEB liability-ending (a)	4,173,225	5,228,380	5,493,697	4,616,023
Plan fiduciary net position:				
Contributions-employer	146,343	117,381	102,792	160,383
Net investment income	(22,284)	20,259	7,528	7,126
Benefit payments/Refunds	(105,951)	(101,370)	(94,211)	(98,563)
Administrative expense	(1,503)	(949)	(586)	(536)
Net change in plan fiduciary net position	16,605	35,321	15,523	68,410
Plan fiduciary net position-beginning	195,299	159,978	144,455	76,045
Plan fiduciary net position-ending (b)	211,904	195,299	159,978	144,455
Net OPEB liability-ending (a)-(b)	$ 3,961,321	$ 5,033,081	$ 5,333,719	$ 4,471,568

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Schedule includes all significant plans and funds administered by the State of Georgia.

2019		2018	
$	236,917	$	211,513
	158,223		124,612
	—		—
	264,729		123,090
	(310,107)		(347,331)
	(90,549)		(89,653)
	259,213		22,231
	4,227,583		4,205,352
	4,486,796		4,227,583
	158,420		99,584
	802		72
	(90,549)		(89,653)
	(485)		(5,045)
	68,188		4,958
	7,857		2,899
	76,045		7,857
$	4,410,751	$	4,219,726

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - State as Employer Perspective:

This note provides information about changes of benefit terms, changes of assumptions, and methods and assumptions used in calculations of the OPEB liability/asset and required contributions.

State OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study.
- June 30, 2019 valuation: The inflation assumption was lowered from 2.75% to 2.5% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the TRS experience study. Approximately 6% of State OPEB employees are members of TRS.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30,2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the state OPEB Fund based on their last employer payroll location, irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

School OPEB Fund

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:
- June 30, 2020 valuation: Decremental assumptions were changed to reflect the ERS experience study. Approximately 0.10% of employees are members of ERS.
- June 30, 2019 valuation: Decremental assumptions were changed to reflect the TRS experience study.
- June 30, 2018 valuation: The inflation assumption was lowered from 2.75% to 2.5%.
- June 30, 2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised. The June 30, 2017 actuarial valuation was revised, for various factors, including the methodology used to determine how employees and retirees were assigned to each of the OPEB Funds and anticipated participation percentages. Current and former employees of State organizations (including technical colleges, community service boards and public health departments) are now assigned to the State OPEB Fund based on their last employer payroll location; irrespective of retirement system affiliation. Additionally, there were changes the discount rate and an increase in the investment rate of return due to a longer term investment strategy.
- June 30, 2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- June 30, 2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - State as Employer Perspective:

SEAD-OPEB Plan

Changes of benefit terms: There have been no changes in benefit terms.

Changes of assumptions:

- On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems. Primary among the changes were the updates to rates or mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total OPEB Liability.
- On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 measurement date.

Regents Plan

Changes of benefit terms: HRA cost sharing for employees hired on or after January 1, 2013 and retiring after January 1, 2018 is based on a policy that ties years of service to the amount the USG contributes based on 22-tiers ranging from 100% for employees who retiree with 30 years of service to 21% for employees retiring with 10 years of service.

Changes of assumptions:

- Expected claims costs were updated to reflect actual claims experience.
- Trend rate schedule was updated to anticipated future experience.
- Mortality improvement scales was updated from MP-2020 to MP-2021.
- Mortality base rates for future disabled participants were updated to reflect Pub-2010 for Teachers (headcount weighted) disabled mortality.
- The discount rate was updated from 2.18% as June 30, 2021 to 3.54% as of June 30, 2022.
- The Expected Return on Assets was updated from 4.37% to 4.36%.

Required Supplementary Information
Notes to Required Supplementary Information
Methods and Assumptions
Multi-Employer and Single-Employer OPEB Plans
For the Fiscal Year Ended June 30, 2023

Actuarial Methods and Assumptions - State as Employer Perspective:

Methods and assumptions used in calculations of actuarially determined contributions: The actuarially determined contribution rates in the schedules of employers' contributions are calculated as of June 30, as listed for all plans. The following actuarial methods and assumptions were used to determine the most recent contribution rates in those schedules:

	State OPEB	School OPEB
Valuation date	June 30, 2019	June 30, 2019
Actuarial cost method	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of pay, open	Level percent of pay open
Remaining amortization period	30 years	30 years
Asset Valuation method	Market Value	Market Value
Inflation	2.50%	2.50%
Healthcare cost trend rate		
Pre-Medicare	7.00%	7.00%
Medicare Eligible	5.25%	5.25%
Investment Rate of return*	4.50%	4.50%

	SEAD-OPEB Plan	Regents Plan
Valuation date	June 30, 2019	May 1, 2022
Actuarial cost method	Entry Age	Entry Age Normal
Amortization method	Level percent, open	Closed amortization period for initial unfunded and subsequent actuarial gains/losses
Remaining amortization period	Infinite	
Asset valuation method	Fair value	Fair Value
Inflation	2.75%	2.40%
Salary Increases	3.25 - 7.00%	3.75%
Healthcare cost trend rate		
Pre-Medicare	N/A	7.00%
Medicare Eligible	N/A	4.00%
Investment Rate of return*	7.30%	4.36%

* Includes respective rates of inflation, net of investment expense.

The State OPEB Fund, School OPEB Fund, and the Regents Plan are funded on a pay-as-you go basis, and not funded based on the actuarially determined contributions.

Schedule includes all significant plans and funds administered by the State of Georgia.

COMBINING AND INDIVIDUAL FUND STATEMENTS


STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

NONMAJOR GOVERNMENTAL FUNDS

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds, other than the National Opioid Settlement Fund and Transportation Investment Act Fund, include the blended component units that conduct general governmental functions as described below:

The **Georgia Aviation Authority** was created to provide oversight and efficient operation of state aircrafts and aviation operations, and ensure the safety of state air travelers and aviation property.

The **National Opioids Settlement Fund** was created for funds collected by the State for nationwide settlements to resolve opioids litigation brought by states and local political subdivisions against pharmaceutical distributors. These funds will be used for abatement of the opioid epidemic, with the majority of the proceeds restricted to funding future abatement efforts.

The **State Road and Tollway Authority** (SRTA) is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia.

The **Transportation Investment Act Fund** (TIA) accounts for funds collected by the State and dispensed to the Department of Transportation for TIA projects in the relevant special tax districts.

DEBT SERVICE FUNDS

Debt Service Funds account for the accumulation of resources that are restricted, committed or assigned to expenditures for principal and interest.

The **General Obligation Debt Sinking Fund** accounts for the payment of principal and interest on the State's general long-term debt.

The **State Road and Tollway Authority Debt Service Fund** accounts for the payment of principal and interest on the debt of the Authority's governmental funds. The Authority issues bonded debt which finances State transportation infrastructure construction. Debt service payments due on outstanding bonds are paid by the Authority from redirected funds from the U. S. Department of Transportation and/or State motor fuel tax funds.

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

(amounts in thousands)

	Special Revenue			
	Georgia Aviation Authority	National Opioids Settlement Fund	State Road and Tollway Authority	Transportation Investment Act Fund
Assets				
Cash and Cash Equivalents	$ 1,619	$ 81,370	$ 10,748	$ 250,374
Pooled Investments with State Treasury	—	10,015	16,208	—
Investments	—	—	—	361,490
Accounts Receivable	64	—	48,810	18,322
Inventories	—	—	1	—
Restricted Assets				
Cash and Cash Equivalents	—	—	538,972	—
Pooled Investments with State Treasury	—	—	220,175	—
Receivables	—	377,517	—	—
Total Assets	$ 1,683	$ 468,902	$ 834,914	$ 630,186
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Cash Overdraft	$ —	$ —	$ —	$ —
Accounts Payable and Other Accruals	2	—	974	5,519
Due to Other Funds	—	—	3	23,865
Contracts Payable	—	—	41,459	—
Bonds Payable	—	—	—	—
Interest Payable	—	—	—	—
Unearned Revenue	—	—	117,231	—
Other Liabilities	—	—	2,080	—
Total Liabilities	2	—	161,747	29,384
Deferred Inflows of Resources	—	377,517	—	—
Fund Balances:				
Restricted	—	91,385	607,991	600,802
Unrestricted				
Assigned	1,681	—	65,176	—
Total Fund Balances	1,681	91,385	673,167	600,802
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,683	$ 468,902	$ 834,914	$ 630,186

Debt Service		
General Obligation Debt Sinking Fund	State Road and Tollway Authority	Total
$ 157,793	$ —	$ 501,904
—	—	26,223
—	—	361,490
—	90	67,286
—	—	1
—	3,813	542,785
—	768	220,943
—	—	377,517
$ 157,793	$ 4,671	$ 2,098,149
$ —	$ 6	$ 6
—	—	6,495
—	—	23,868
—	—	41,459
145,140	—	145,140
12,653	—	12,653
—	—	117,231
—	—	2,080
157,793	6	348,932
—	—	377,517
—	4,665	1,304,843
—	—	66,857
—	4,665	1,371,700
$ 157,793	$ 4,671	$ 2,098,149

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Special Revenue			
	Georgia Aviation Authority	National Opioids Settlement Fund	State Road and Tollway Authority	Transportation Investment Act Fund
Revenues				
Intergovernmental - Other	$ —	$ —	$ 99,047	$ 214,896
Sales and Services	1,394	101,526	—	—
Interest and Other Investment Income	—	130	27,469	17,927
Other	1,523	—	234	—
Total Revenues	2,917	101,656	126,750	232,823
Expenditures				
General Government	1,369	—	—	—
Health and Welfare	—	10,271	—	—
Transportation	—	—	301,037	62,911
Debt Service				
Principal	—	—	—	—
Interest	—	—	—	—
Accrued Interest on Bonds Retired in Advance	—	—	—	—
Discount on Bonds Retired in Advance	—	—	—	—
Other Debt Service Expenditures	—	—	—	—
Total Expenditures	1,369	10,271	301,037	62,911
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,548	91,385	(174,287)	169,912
Other Financing Sources (Uses)				
Debt Issuance - Refunding Bonds	—	—	—	—
Debt Issuance - Refunding Bonds - Premium	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Transfers In	—	—	134,362	—
Transfers Out	—	—	(3,790)	(101,696)
Net Other Financing Sources (Uses)	—	—	130,572	(101,696)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,548	91,385	(43,715)	68,216
Fund Balances, July 1 - Restated (Note 3)	133	—	716,882	532,586
Fund Balances, June 30	$ 1,681	$ 91,385	$ 673,167	$ 600,802

Debt Service		
General Obligation Debt Sinking Fund	State Road and Tollway Authority	Total
$ —	$ —	$ 313,944
—	—	102,919
—	298	45,824
—	—	1,757
—	298	464,444
—	—	1,369
—	—	10,271
—	3,820	367,768
1,071,180	60,460	1,131,640
404,110	24,151	428,261
660	—	660
(5,667)	—	(5,667)
790	—	790
1,471,073	88,431	1,935,092
(1,471,073)	(88,133)	(1,470,648)
487,585	—	487,585
38,929	—	38,929
(525,723)	—	(525,723)
1,470,282	84,611	1,689,255
—	—	(105,485)
1,471,073	84,611	1,584,561
—	(3,522)	113,912
—	8,187	1,257,788
$ —	$ 4,665	$ 1,371,700

STATE OF GEORGIA

1776

NONMAJOR ENTERPRISE FUNDS

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Description of Nonmajor Enterprise Funds

The Enterprise Funds account for the business type activities of smaller governmental agencies that are funded by the issuance of debt or fees charged to external customers. The State's Nonmajor Enterprise Funds are described below:

The State Employees' Assurance Department - Active is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems. SEAD - Active is a cost-sharing multiple employer life insurance plan created in 2007 by the Georgia General Assembly to amend Title 47 of the Official Code of Georgia Annotated, relating to retirement, so as to establish a fund for the provision of term life insurance to active members of ERS, LRS, and GJRS.

The Georgia Higher Education Facilities Authority is a legally separate public corporation created for the purpose of financing eligible construction, renovation, improvement, and rehabilitation or restoration projects for the Board of Regents of the University System of Georgia and the Technical College System of the State of Georgia through the issuance of revenue bonds. The Authority issues debt and enters into lease agreements. The current lease agreements outstanding are with an affiliate of the University System of Georgia Foundation, Inc. (nonmajor enterprise fund). The costs of the Authority's debt are recovered through lease payments from the Higher Education Foundations.

The **State Road and Tollway Authority (SRTA)** is a legally separate public corporation created to finance transportation projects and operate toll facilities in the State of Georgia. SRTA uses an enterprise fund to account for all tolling activities, including the including the I-75 South Metro Express Lanes, and all other facilities of the tolling system (i.e. the I-85 Express Lanes, the I-85 Extension Express Lanes, the I-75 Northwest Corridor Express Lanes, and five future toll facilities under planning and/or construction).

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2023
(amounts in thousands)

	State Employees' Assurance Department - Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	$ 415	$ 3	$ 580	$ 998
Pooled Investments with State Treasury	—	472	47,047	47,519
Investments	394,175	—	—	394,175
Accounts Receivable (Net)	—	294	1,095	1,389
Due from Other Funds	61	—	—	61
Due from Component Units	—	163,985	—	163,985
Inventories	—	—	213	213
Other Assets	—	—	2	2
Restricted Assets:				
Cash and Cash Equivalents	—	—	109,150	109,150
Pooled Investments with State Treasury	—	—	112,355	112,355
Investments	—	—	3,525	3,525
Total Current Assets	394,651	164,754	273,967	833,372
Noncurrent Assets:				
Restricted Assets:				
Net OPEB Asset	—	—	613	613
Non-depreciable Capital Assets	—	—	27,891	27,891
Depreciable Capital Assets, net	—	—	8,259	8,259
Right-to-Use Assets (Net)	—	—	14,395	14,395
Total Noncurrent Assets	—	—	51,158	51,158
Total Assets	394,651	164,754	325,125	884,530
Deferred Outflows of Resources	—	15,347	10,750	26,097
Liabilities				
Current Liabilities:				
Accounts Payable and Other Accruals	51	—	7,909	7,960
Unearned Revenue	—	—	18,092	18,092
Compensated Absences Payable	—	—	786	786
Lease Obligations				
External	—	—	709	709
Subscription Obligations	—	—	2,275	2,275
Revenue Bonds Payable	—	6,785	—	6,785
Other Current Liabilities	—	294	6,522	6,816
Total current Liabilities	51	7,079	36,293	43,423
Noncurrent Liabilities:				
Compensated Absences Payable	—	—	138	138
Lease Obligations				
External	—	—	7,563	7,563
Subscription Obligations	—	—	3,471	3,471
Revenue Bonds Payable	—	170,499	422,131	592,630
Net OPEB Liability	—	—	1,219	1,219
Net Pension Liability	—	—	14,449	14,449
Total Noncurrent Liabilities	—	170,499	448,971	619,470
Total Liabilities	51	177,578	485,264	662,893
Deferred Inflows of Resources	—	—	1,815	1,815
Net Position				
Net Investment in Capital Assets	—	—	23,744	23,744
Restricted for:				
Bond Covenants/Debt Service	—	—	34,162	34,162
Other Benefits	394,600	—	—	394,600
Permanent Trusts:				
Other	—	—	734	734
Unrestricted	—	2,523	(209,844)	(207,321)
Total Net Position	$ 394,600	$ 2,523	$ (151,204)	$ 245,919

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	State Employees' Assurance Department-Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Operating Revenues:				
Operating Contributions/Premiums	$ 512	$ —	$ —	$ 512
Operating Grants	—	—	132	132
Sales and Services	—	7,373	73,106	80,479
Total Operating Revenues	512	7,373	73,238	81,123
Operating Expenses:				
Personal Services	93	—	10,683	10,776
Services and Supplies	—	10	3,984	3,994
Interest Expense	—	7,373	—	7,373
Benefits	3,419	—	—	3,419
Amortization/Depreciation	—	(568)	11,377	10,809
Other	—	—	16,441	16,441
Total Operating Expenses	3,512	6,815	42,485	52,812
Operating Income	(3,000)	558	30,753	28,311
Nonoperating Revenues (Expenses):				
Interest and Other Investment Income/(Loss)	40,218	17	11,901	52,136
Interest Expense	(70)	—	(13,390)	(13,460)
Total Nonoperating Revenues (Expenses)	40,148	17	(1,489)	38,676
Income (Loss) Before Contributions and Transfers	37,148	575	29,264	66,987
Transfers:				
Transfers In	—	—	2,331	2,331
Net Transfers	—	—	2,331	2,331
Change in Net Position	37,148	575	31,595	69,318
Net Position, July 1 - Restated (Note 3)	357,452	1,948	(182,799)	176,601
Net Position, June 30	$ 394,600	$ 2,523	$ (151,204)	$ 245,919

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	State Employees' Assurance Department-Active	Georgia Higher Education Facilities Authority	State Road and Tollway Authority	Total
Cash Flows from Operating Activities:				
Cash Received from Customers	$ 512	$ —	$ 74,436	$ 74,948
Cash Received from Other Funds (Internal Activity)	—	—	152	152
Cash Paid to Vendors	(3,509)	(11)	(20,953)	(24,473)
Cash Paid to Employees	—	—	(10,409)	(10,409)
Net Cash Provided by Operating Activities	(2,997)	(11)	43,226	40,218
Cash Flows from Noncapital Financing Activities:				
Interest Paid on Bonds/Long-Term Debt	—	(7,386)	—	(7,386)
Transfers from Other Funds	—	—	2,331	2,331
Payments on Noncapital Financing Debt	—	(6,472)	—	(6,472)
Net Cash Used in Noncapital Financing Activities	—	(13,858)	2,331	(11,527)
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital and Right-to-Use Assets	—	—	(7,746)	(7,746)
Principal Paid on Capital Debt and Leases	—	—	(2,945)	(2,945)
Interest Paid on Capital Debt and Leases	—	—	(12,703)	(12,703)
Net Cash Provided by (Used in) Capital and Related Financing Activities	—	—	(23,394)	(23,394)
Cash Flows from Investing Activities:				
Proceeds from Sales of Investments	3,400	—	8,020	11,420
Interest and Dividends Received	—	17	11,901	11,918
Other Investing Activities	(70)	13,851	—	13,781
Net Cash Provided by (Used in) Investing Activities	3,330	13,868	19,921	37,119
Net Increase (Decrease) in Cash and Cash Equivalents	333	(1)	42,084	42,416
Cash and Cash Equivalents, July 1 - Restated (Note 3)	82	469	227,055	227,606
Cash and Cash Equivalents, June 30	$ 415	$ 468	$ 269,139	$ 270,022
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities:				
Operating Income	$ (3,000)	$ 558	$ 30,753	$ 28,311
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Amortization/Depreciation Expense	—	(568)	11,376	10,808
Changes in Assets and Liabilities:				
Deferred Inflows of Resources:				
Accounts Receivable	—	12	51	63
Other Assets	—	—	(40)	(40)
Net OPEB Asset	—	—	360	360
Deferred Outflows of Resources	—	—	(3,177)	(3,177)
Accounts Payable and Other Accruals	3	(13)	(139)	(149)
Due to Other Funds	—	—	(270)	(270)
Due from Component Unit	—	—	7	7
Unearned Revenue	—	—	1,240	1,240
Compensated Absences	—	—	7	7
Net OPEB Liability	—	—	486	486
Net Pension Liability	—	—	9,275	9,275
Other Liabilities	—	—	(28)	(28)
Deferred Inflows of Resources	—	—	(6,675)	(6,675)
Net Cash Provided by (Used in) Operating Activities	$ (2,997)	$ (11)	$ 43,226	$ 40,218

INTERNAL SERVICE FUNDS


STATE OF GEORGIA
CONSTITUTION
WIS DOM
JUSTICE
MODER ATION
1776

Description of Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing (procurement), surplus property transactions, document services, fleet management, and human resources administration.

The **Georgia Building Authority** is responsible for all services associated with the management of State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Georgia Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Risk Management** column is an accumulation of the funds used to account for the State's self-insurance programs established by individual agreement, statute or administrative action:

> The **Cyber Insurance Coverage Fund** was created for the development of a cyber insurance product for direct loss and out of pocket expenses incurred as a result of damage to data, systems or income defense and liability incurred as a result of employees' actions. Department of Administrative Services (DOAS) engaged with an insurance broker to develop an underwriting submission to present to the commercial insurance underwriters. DOAS Risk Management Services manages the insurance product with assistance from Georgia Technology Authority.
>
> The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.
>
> The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marine insurance.
>
> The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.
>
> The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.
>
> The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.
>
> The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

Combining Statement of Net Position
Internal Service Funds
June 30, 2023
(amounts in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 3,989	$ 736	$ 1,262
Pooled Investments with State Treasury	583	369,562	1,108
Investments	—	—	—
Accounts Receivable (Net)	903	2,825	4,134
Leases from			
External	—	7,677	—
Due from Other Funds	59	—	1,231
Due from Component Units	—	—	—
Inventories	—	414	25,213
Other Assets	—	119	—
Total Current Assets	5,534	381,333	32,948
Noncurrent Assets:			
Investments	—	—	—
Leases from			
External	—	26,730	—
Restricted Assets:			
Net OPEB Asset	422	851	1,164
Non-depreciable Capital Assets	—	44,448	1,337
Depreciable Capital Assets (Net)	—	477,160	11,210
Right-to-Use Assets (Net)	—	26,882	233
Total Noncurrent Assets	422	576,071	13,944
Total Assets	5,956	957,404	46,892
Deferred Outflows of Resources	4,207	9,068	10,490
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	557	2,540	6,399
Due to Other Funds	—	6	2
Unearned Revenue	—	190	—
Notes and Loans Payable			
Policy Claims and Uninsured Liabilities	—	—	—
Compensated Absences Payable	—	807	604
Lease Obligations			
External	—	7,549	236
Subscription Obligations	—	—	—
Other Current Liabilities	963	—	—
Total Current Liabilities	1,520	11,092	7,241
Noncurrent Liabilities:			
Compensated Absences Payable	—	—	1,084
Lease Obligations			
External	—	21,008	—
Subscription Obligations	—	—	—
Net OPEB Liability	465	1,156	1,354
Net Pension Liability	8,017	18,119	21,451
Total Noncurrent Liabilities	8,482	40,283	23,889
Total Liabilities	10,002	51,375	31,130
Deferred Inflows of Resources	604	34,136	1,695
Net Position			
Net Investment in Capital Assets	—	519,935	12,543
Restricted for:			
Other Purpose	500	998	1,410
Unrestricted	(943)	360,028	10,604
Total Net Position	$ (443)	$ 880,961	$ 24,557

Risk Management (see combining)	Georgia Technology Authority	Total
$ 15,818	$ 6,121	$ 27,926
78,250	100,327	549,830
19	—	19
120,492	5,629	133,983
—	—	7,677
809,580	29,577	840,447
—	41	41
—	—	25,627
55	347	521
1,024,214	142,042	1,586,071
763	—	763
—	—	26,730
211	2,805	5,453
—	—	45,785
—	224	488,594
—	185,395	212,510
974	188,424	779,835
1,025,188	330,466	2,365,906
1,298	19,214	44,277
6,576	47,035	63,107
—	—	8
8,760	233	9,183
984,240	—	984,240
—	1,213	2,624
—	24,892	32,677
—	23,080	23,080
41	324	1,328
999,617	96,777	1,116,247
—	1,616	2,700
—	87,281	108,289
—	40,297	40,297
233	2,291	5,499
2,332	37,600	87,519
2,565	169,085	244,304
1,002,182	265,862	1,360,551
284	3,385	40,104
—	5,861	538,339
61	3,420	6,389
23,959	71,152	464,800
$ 24,020	$ 80,433	$ 1,009,528

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Operating Revenues:			
Operating Contributions/Premiums	$ —	$ —	$ —
Operating Grants	—	—	—
Rents and Royalties	—	35,070	7
Sales and Services	7,229	13,034	82,168
Other	—	156	—
Total Operating Revenues	7,229	48,260	82,175
Operating Expenses:			
Personal Services	5,574	14,923	16,857
Services and Supplies	11,410	32,773	61,822
Claims and Judgments	—	—	—
Amortization/Depreciation	—	22,747	2,224
Total Operating Expenses	16,984	70,443	80,903
Operating Income (Loss)	(9,755)	(22,183)	1,272
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	80	14,310	42
Nonoperating Grants & Contributions	4,116	—	—
Other	(2,030)	19,336	288
Total Nonoperating Revenues (Expenses)	2,166	33,646	330
Income (Loss) Before Contributions and Transfers	(7,589)	11,463	1,602
Capital Contributions	—	26,436	—
Transfers:			
Transfers In	6,612	20,500	—
Net Transfers	6,612	20,500	—
Change in Net Position	(977)	58,399	1,602
Net Position, July 1 (restated)	534	822,562	22,955
Net Position, June 30	$ (443)	$ 880,961	$ 24,557

Risk Management (see combining)	Georgia Technology Authority	Total
$ 177,860	$ —	$ 177,860
3,998	2,505	6,503
—	—	35,077
328	241,748	344,507
—	—	156
182,186	244,253	564,103
1,992	29,933	69,279
50,190	201,266	357,461
166,164	—	166,164
—	46,568	71,539
218,346	277,767	664,443
(36,160)	(33,514)	(100,340)
3,518	3,890	21,840
—	—	4,116
4,815	(251)	22,158
8,333	3,639	48,114
(27,827)	(29,875)	(52,226)
—	4,447	30,883
5,101	54,730	86,943
5,101	49,289	81,502
(22,726)	23,861	60,159
46,746	56,572	949,369
$ 24,020	$ 80,433	$ 1,009,528

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 388	$ 48,947	$ 21,595
Cash Received from Other Funds (Internal Activity)	6,592	10,134	59,505
Cash Paid to Vendors	(11,097)	(44,792)	(67,784)
Cash Paid to Employees	(5,250)	(14,114)	(15,780)
Cash Paid for Claims and Judgments	—	—	—
Other Operating Payments	(953)	—	—
Net Cash Provided by (Used in) Operating Activities	(10,320)	175	(2,464)
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	6,612	20,500	—
Transfers to Other Funds	—	—	—
Other Noncapital Receipts	6,203	—	288
Other Noncapital Payments	(4,116)	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	8,699	20,500	288
Cash Flows from Capital and Related Financing Activities:			
Capital Contributions	—	26,436	—
Proceeds from Sale of Capital Assets	—	38,923	—
Acquisition and Construction of Capital Assets	—	(223,954)	(1,417)
Principal Paid on Capital Debt	—	(6,906)	(360)
Interest Paid on Capital Debt	—	(1,208)	—
Net Cash Used in Capital and Related Financing Activities	—	(166,709)	(1,777)
Cash Flows from Investing Activities:			
Proceeds from Sales of Investments	—	—	—
Purchase of Investments	—	—	—
Interest and Dividends Received	80	15,517	42
Net Cash Provided by Investing Activities	80	15,517	42
Net Increase (Decrease) in Cash and Cash Equivalents	(1,541)	(130,517)	(3,911)
Cash and Cash Equivalents, July 1	6,114	500,814	6,283
Cash and Cash Equivalents, June 30	$ 4,573	$ 370,297	$ 2,372

Risk Management (see combining)	Georgia Technology Authority	Total
$ 37,689	$ 173,676	$ 282,295
155,454	69,780	301,465
(46,115)	(194,076)	(363,864)
(2,537)	(27,964)	(65,645)
(254,231)	—	(254,231)
—	—	(953)
(109,740)	21,416	(100,933)
5,101	54,730	86,943
—	(5,441)	(5,441)
4,815	—	11,306
—	—	(4,116)
9,916	49,289	88,692
—	4,447	30,883
—	—	38,923
—	(89,028)	(314,399)
—	37,978	30,712
—	948	(260)
—	(45,655)	(214,141)
405	—	405
(1,391)	—	(1,391)
4,118	3,890	23,647
3,132	3,890	22,661
(96,692)	28,940	(203,721)
190,756	77,510	781,477
$ 94,064	$ 106,450	$ 577,756

(continued)

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Department of Administrative Services	Georgia Building Authority	Georgia Correctional Industries Administration
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ (9,755)	$ (22,183)	$ 1,272
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Amortization/Depreciation Expense	—	22,747	2,224
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable	(190)	(1,281)	(599)
Due from Other Funds	(59)	—	(477)
Due from Component Units	—	—	—
Other Assets	246	672	794
Net OPEB Asset	—	12,163	(4,302)
Deferred Outflows of Resources	(2,013)	(4,120)	(4,877)
Accounts Payable and Other Accruals	322	96	(1,612)
Due to Other Funds	—	—	(4)
Unearned Revenue	—	45	—
Claims and Judgments Payable	—	—	—
Compensated Absences Payable	—	—	(77)
Net OPEB Liability	193	449	525
Net Pension Liability	5,291	11,610	13,929
Other Liabilities	(949)	(22)	—
Deferred Inflows of Resources	(3,406)	(20,001)	(9,260)
Net Cash Provided by (Used in) Operating Activities	$ (10,320)	$ 175	$ (2,464)
Noncash Investing, Capital, and Financing Activities:			
Change in Fair Value of Investments	$ —	$ —	$ —

Risk Management (see combining)	Georgia Technology Authority	Total
$ (36,160)	$ (33,514)	$ (100,340)
—	46,568	71,539
(5,199)	(575)	(7,844)
6,121	(211)	5,374
—	(9)	(9)
117	2,026	3,855
1,251	(346)	8,766
(367)	(8,625)	(20,002)
4,075	7,544	10,425
42	—	38
8,760	(315)	8,490
(88,067)	—	(88,067)
—	482	405
58	896	2,121
1,114	24,022	55,966
12	304	(655)
(1,497)	(16,831)	(50,995)
$ (109,740)	$ 21,416	$ (100,933)
$ (477)	$ —	$ (477)

Combining Statement of Net Position
Internal Service Funds
Risk Management
June 30, 2023
(amounts in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Assets			
Current Assets:			
Cash and Cash Equivalents	$ 378	$ 1,120	$ 301
Pooled Investments with State Treasury	2,930	8,598	2,413
Investments	1	2	1
Accounts Receivable (Net)	108	62,359	196
Due From Other Funds	—	301,106	—
Other Assets	—	—	—
Total Current Assets	3,417	373,185	2,911
Noncurrent Assets:			
Investments	29	84	23
Restricted Assets:			
Net OPEB Asset	—	71	47
Total Noncurrent Assets	29	155	70
Total Assets	3,446	373,340	2,981
Deferred Outflows of Resources	—	462	292
Liabilities			
Current Liabilities:			
Accounts Payable and Other Accruals	89	2,487	3,309
Unearned Revenue	—	—	—
Policy Claims and Uninsured Liabilities	—	370,283	12,445
Other Current Liabilities	—	15	8
Total Current Liabilities	89	372,785	15,762
Noncurrent Liabilities:			
Net OPEB Liability	—	78	52
Net Pension Liability	—	843	527
Total Noncurrent Liabilities	—	921	579
Total Liabilities	89	373,706	16,341
Deferred Inflows of Resources	—	96	63
Net Position			
Restricted for:			
Other Purpose	—	—	56
Unrestricted	3,357	—	(13,187)
Total Net Position	$ 3,357	$ —	$ (13,131)

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ 6,774	$ 407	$ 3,265	$ 3,573	$ 15,818
8,471	3,137	25,186	27,515	78,250
2	1	6	6	19
—	—	116	57,713	120,492
—	—	—	508,474	809,580
19	—	4	32	55
15,266	3,545	28,577	597,313	1,024,214
83	31	245	268	763
3	—	2	88	211
86	31	247	356	974
15,352	3,576	28,824	597,669	1,025,188
14	—	8	522	1,298
1	—	—	690	6,576
8,760	—	—	—	8,760
4,200	3	968	596,341	984,240
—	—	—	18	41
12,961	3	968	597,049	999,617
3	—	2	98	233
24	—	13	925	2,332
27	—	15	1,023	2,565
12,988	3	983	598,072	1,002,182
4	—	2	119	284
3	—	2	—	61
2,371	3,573	27,845	—	23,959
$ 2,374	$ 3,573	$ 27,847	$ —	$ 24,020

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Operating Revenues:			
Operating Contributions/Premiums	$ 2,310	$ 120,344	$ 20,927
Operating Grants	—	—	—
Sales and Services	—	—	—
Total Operating Revenues	2,310	120,344	20,927
Operating Expenses:			
Personal Services	16	989	432
Services and Supplies	1,811	7,306	33,098
Claims and Judgments	—	112,627	21,065
Total Operating Expenses	1,827	120,922	54,595
Operating Income (Loss)	483	(578)	(33,668)
Nonoperating Revenues (Expenses):			
Interest and Other Investment Income	194	578	(177)
Other	—	—	—
Total Nonoperating Revenues (Expenses)	194	578	(177)
Income (Loss) Before Transfers	677	—	(33,845)
Transfers:			
Transfers In	—	—	4,671
Net Transfers	—	—	4,671
Change in Net Position	677	—	(29,174)
Net Position, July 1 - (restated)	2,680	—	16,043
Net Position, June 30	$ 3,357	$ —	$ (13,131)

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ —	$ —	$ 3,915	$ 30,364	$ 177,860
3,998	—	—	—	3,998
328	—	—	—	328
4,326	—	3,915	30,364	182,186
33	—	(31)	553	1,992
42	—	24	7,909	50,190
3,176	—	2,222	27,074	166,164
3,251	—	2,215	35,536	218,346
1,075	—	1,700	(5,172)	(36,160)
736	199	1,631	357	3,518
—	—	—	4,815	4,815
736	199	1,631	5,172	8,333
1,811	199	3,331	—	(27,827)
430	—	—	—	5,101
430	—	—	—	5,101
2,241	199	3,331	—	(22,726)
133	3,374	24,516	—	46,746
$ 2,374	$ 3,573	$ 27,847	$ —	$ 24,020

Combining Statement of Cash Flows
Internal Service Funds
Risk Management
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Cyber Liability Insurance Fund	Liability Insurance Fund	Property Insurance Fund
Cash Flows from Operating Activities:			
Cash Received from Customers	$ 354	$ 16,827	$ 4,573
Cash Received from Other Funds (Internal Activity)	1,913	29,730	17,827
Cash Paid to Vendors	(1,811)	(7,232)	(29,791)
Cash Paid to Employees	(16)	(914)	(563)
Cash Paid for Claims and Judgments	—	(37,545)	(17,222)
Net Cash Provided by (Used in) Operating Activities	440	866	(25,176)
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	—	—	4,671
Other Noncapital Receipts	—	—	—
Net Cash Provided by (Used in) Noncapital Financing Activities	—	—	4,671
Cash Flows from Investing Activities:			
Proceeds from Sales and Maturities of Investments	6	18	51
Purchase of Investments	(29)	(86)	(24)
Interest and Dividends Received	194	578	(177)
Net Cash Provided by (Used in) Investing Activities	171	510	(150)
Net Increase (Decrease) in Cash and Cash Equivalents	611	1,376	(20,655)
Cash and Cash Equivalents, July 1	2,699	8,343	23,369
Cash and Cash Equivalents, June 30	$ 3,310	$ 9,719	$ 2,714
Reconciliation of Operating Income (Loss) to Net Cash provided by (Used in) Operating Activities:			
Operating Income (Loss)	$ 483	$ (578)	$ (33,668)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided by (Used in) Operating Activities:			
Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:			
Accounts Receivable	(43)	(12,664)	201
Due from Other Funds	—	(61,125)	—
Net OPEB Asset	—	29	38
Other Assets	—	—	1,270
Deferred Outflows of Resources	—	(258)	(77)
Accounts Payable and Other Accruals	—	75	3,309
Due to Other Funds	—	—	—
Claims and Judgments Payable	—	75,082	3,843
Net OPEB Liability	—	38	17
Net Pension Liability	—	595	251
Other Liabilities	—	5	2
Deferred Inflows of Resources	—	(333)	(362)
Net Cash Provided by (Used in) Operating Activities	$ 440	$ 866	$ (25,176)
Noncash Investing Activities:			
Change in Fair Value of Investments	$ 132	$ 374	$ (519)

State Indemnification Fund	Teacher Indemnification Fund	Unemployment Compensation Fund	Workers' Compensation Fund	Total
$ 9,435	$ —	$ 616	$ 5,884	$ 37,689
3,650	—	3,315	99,019	155,454
(39)	—	(24)	(7,218)	(46,115)
(52)	—	(17)	(975)	(2,537)
(2,244)	—	(2,480)	(194,740)	(254,231)
10,750	—	1,410	(98,030)	(109,740)
430	—	—	—	5,101
—	—	—	4,815	4,815
430	—	—	4,815	9,916
—	7	56	267	405
(696)	(31)	(251)	(274)	(1,391)
1,348	197	1,621	357	4,118
652	173	1,426	350	3,132
11,832	173	2,836	(92,865)	(96,692)
3,413	3,370	25,609	123,953	190,756
$ 15,245	$ 3,543	$ 28,445	$ 31,088	$ 94,064
$ 1,075	$ —	$ 1,700	$ (5,172)	$ (36,160)
—	—	14	7,293	(5,199)
—	—	—	67,246	6,121
—	—	1	49	117
(19)	—	—	—	1,251
(7)	—	22	(47)	(367)
1	—	—	690	4,075
—	—	—	42	42
932	—	(258)	(167,666)	(88,067)
2	—	1	—	58
15	—	(29)	282	1,114
—	—	—	5	12
(9)	—	(41)	(752)	(1,497)
$ 10,750	$ —	$ 1,410	$ (98,030)	$ (109,740)
$ —	$ 127	$ 1,061	$ (1,652)	$ (477)

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

FIDUCIARY FUNDS

STATE OF GEORGIA

CONSTITUTION

WISDOM

JUSTICE

MODERATION

1776

Fiduciary funds are used to account for assets held by the State in a fiduciary capacity. The State has the following fiduciary funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other employee benefit plans. The State's pension and other employee benefit trust funds are described below:

Pension Trust Funds

Defined Benefit Pension Plans

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State, and district attorneys of the State.

Other Defined Benefit Plans is comprised of the following smaller plans:

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State.

The **Augusta University Early Retirement Pension Plan** is a single-employer defined benefit pension plan designed to provide eligible participants additional benefits above the amounts payable through Teachers Retirement System of Georgia (TRS). The plan was designed to allow vested employees aged 55 or employees of any age with 25 years of creditable service to retire without penalties as applied by the TRS for early retirement.

The **Judges of the Probate Courts Retirement Fund of Georgia** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for all members of the Georgia General Assembly.

The **Magistrates Retirement Fund of Georgia** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits to members of the Georgia National Guard.

The **Sheriffs' Retirement Fund of Georgia** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State.

The **Superior Court Clerks' Retirement Fund of Georgia** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court clerks of the State.

The **Superior Court Judges Retirement Fund of Georgia** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court judges of the State.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System of Georgia.

The **Teachers Retirement System of Georgia** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in State public schools and the University System of Georgia (except those professors and principal administrators electing to participate in an optional retirement plan), and for certain other designated employees in educational-related work.

Defined Contribution / Deferred Compensation Pension Plans

The **Georgia Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State and Board of Regents employees and employees of Community Service Boards who elect to defer a portion of their annual salary until future years.

Other Postemployment Benefit Plans

The **Board of Regents Retiree Health Benefit Fund** is used to account for the accumulation of resources necessary to meet employer costs of retiree post-employment health insurance benefits.

The **Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)** pays postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations and other entities authorized by law to contract with the Department of Community Health for inclusion in the plan. It also pays administrative expenses for the Fund. By law, no other use of assets of the State OPEB Fund is permitted.

The **Georgia School Personnel Post-employment Health Benefit Fund (School OPEB Fund)** pays postemployment health benefits (including benefits for qualified beneficiaries of eligible former employees) due under the group health plan for public school teachers including librarians and other certified employees of the public schools and regional educational service agencies, postemployment health benefits due under the group health plan for non-certificated public school employees, and administrative expenses of the Fund. By law, no other use of assets of the School OPEB Fund is permitted.

The **State Employees' Assurance Department (SEAD) - OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Fund 1** (GF1) is an investment pool of the LGIP Trust and an investment pool for the State and local governments, including state agencies, colleges and universities, counties, school districts, special districts, or any department, agency, or board of a political subdivision. The primary objectives of the pool is the prudent management of public funds on behalf of the State and local governments seeking income higher than money market rates.

The **Georgia Fund 1 Plus** (GF1+) is an additional investment option for the State, state agencies, and eligible municipalities looking to benefit from higher yields available by adding credit exposure.

PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA § 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of education and research programs for the benefit of licensees and the public.

The **Real Estate Education, Research and Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

The **Tuition Guaranty Trust Fund** is to protect students against financial loss when a postsecondary educational institution closes without reimbursing its students and without completing its educational obligations to its students. It is funded by postsecondary education institutions who participate in the trust.

CUSTODIAL FUNDS

Custodial Funds are used to report balances and activities for deposits and investments entrusted to the State as an agent for others. The State's significant custodial funds are described below:

The **ARPA NEU for Local Governments** accounts for the collection and disbursement of Coronavirus State and Local Fiscal Recovery Funds to Non-entitlement Units of Local Government (NEUs) as directed by the American Rescue Plan Act of 2021 (ARPA) on behalf of the federal government. Amounts received are distributed in conformity with the standards prescribed in the Social Security Act.

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

The **Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court-ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for flexible benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

The **Insurance Premium Tax Collections for Local Governments Fund** accounts for the pro-rata share of premium taxes collected on the behalf of each participating municipality and county. The participating counties and municipalities may have the distributions deposited directly into their Georgia Fund 1 account through the Office of the State Treasurer.

Revenue Tax Collections for Local Governments Fund is used to account for the collection and disbursement of sales taxes at the Department of Revenue on behalf of county and municipal governments. This fund includes activity for Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, Special Purpose Local Option Sales Tax, Ad Valorem Tax, Railroad Tax, Tennessee Valley Tax, E911 Prepaid Tax, E911 non Prepaid, Fireworks Tax, and the Transportation Investment Act.

Survivor Benefit Fund is within the Employees Retirement System (ERS) trust and is solely for maintaining group term life insurance coverage for members of the plan. All assets are limited to the payment of benefits and expenses for such coverage and cannot be used to pay pension benefits and expenses of ERS.

The **Student Financial Aid and Support Fund** are accounts for activities from the state acting as an agent or in a fiduciary capacity for various governments, companies, clubs or individuals for student support and financial aid.

Other Custodial Funds include custodial funds not considered significant enough to warrant separate presentation.

External Investment Pool account for activities of a pooled investment program held by the Board of Regents for affiliate organizations external to the state reporting unit.

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2023
(amounts in thousands)

			Defined Contribution Plans		
	Defined Benefit Pension Plans (see combining)	Georgia Defined Contribution Plan	Deferred Compensation Plans: State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Assets					
Cash and Cash Equivalents	$ 1,460,846	$ 26,133	$ 26,332	$ 2,887	$ —
Pooled Investments with State Treasury	—	—	—	—	—
Receivables, Net					
Interest and Dividends	246,439	582	83	38	—
Due from Brokers for Securities Sold	44,256	—	—	—	—
Other	319,694	1,133	4,079	334	—
Due from Other Funds	—	—	—	—	—
Investments					
Pooled Investments	16,263,871	—	—	—	—
Mutual Funds	538,588	—	1,853,530	694,132	3,979.833
Municipal, U.S. and Foreign Government Obligations	17,632,127	115,865	—	—	—
Corporate Bonds/Notes/Debentures	7,432,367	—	—	—	234.368
Stocks	69,594,284	—	21,298	12,406	—
Asset-backed Securities	22,985	—	—	—	—
Mortgage Investments	91,417	—	—	—	—
Real Estate Investment Trusts	505,638	—	—	—	216.396
Capital Assets					
Land	8,431	—	—	—	—
Buildings	7,793	—	—	—	—
Software	29,325	—	—	—	—
Machinery and Equipment	6,592	—	—	—	—
Works of Art	114	—	—	—	—
Accumulated Depreciation	(38,205)	—	—	—	—
Intangible Right-to-Use Assets					
Subscription Asset	4,292	—	—	—	—
Accumulated Amortization	(1,004)	—	—	—	—
Net OPEB Asset	5,325	—	—	—	—
Total Assets	114,175,175	143,713	1,905,322	709,797	4,430.597
Deferred Outflows of Resources	28,171	—	—	—	—
Liabilities					
Accounts Payable and Other Accruals	38,131	589	3,402	1,511	—
Due to Other Funds	457	—	—	—	—
Due to Brokers for Securities Purchased	74,587	—	—	—	—
Benefits Payable	—	—	—	—	—
Unearned Revenue	8	—	—	—	—
Compensated Absences Payable	87	—	—	—	—
Lease Liability	3	—	—	—	—
Net OPEB Liability	4,554	—	—	—	—
Net Pension Liability	51,956	—	—	—	—
Total Liabilities	169,783	589	3,402	1,511	—
Deferred Inflows of Resources	5,701	—	—	—	—
Net Position					
Restricted for:					
Pension Benefits	114,027,862	143,124	1,901,920	708,286	4,429.597
Other Postemployment Benefits	—	—	—	—	—
Total Net Position	$ 114,027,862	$ 143,124	$ 1,901,920	$ 708,286	$ 4,429.597

Other Post Employment Benefit Plans				
Board of Regents Retiree Health Benefit Fund	Georgia State Employees Post-employment Health Benefit Fund	Georgia School Personnel Post-employment Health Benefit Fund	State Employees' Assurance Department - OPEB	Total
$ 11,196	$ 164,476	$ 283	$ 980	$ 1,693,133
—	385,006	365,402	—	750,408
—	987	362	—	248,491
—	—	—	—	44,256
354	2,381	906	—	328,881
—	—	—	393	393
213,288	—	—	1,431,237	17,908,396
—	—	—	—	3,090,230
—	—	—	—	17,747,992
—	—	—	—	7,432,601
—	1,499,828	550,126	—	71,677,942
—	—	—	—	22,985
—	—	—	—	91,417
—	—	—	—	505,854
—	—	—	—	8,431
—	—	—	—	7,793
—	—	—	—	29,325
—	—	—	—	6,592
—	—	—	—	114
—	—	—	—	(38,205)
—	—	—	—	4,292
—	—	—	—	(1,004)
—	—	—	—	5,325
224,838	2,052,678	917,079	1,432,610	121,565,642
—	—	—	—	28,171
—	6,471	174,923	462	225,489
—	—	—	—	457
—	625	229	—	75,441
6,103	14,752	36,377	—	57,232
—	86	259	—	353
—	—	—	—	87
—	—	—	—	3
—	—	—	—	4,554
—	—	—	—	51,956
6,103	21,934	211,788	462	415,572
—	—	—	—	5,701
—	—	—	—	116,785,622
218,735	2,030,744	705,291	1,432,148	4,386,918
$ 218,735	$ 2,030,744	$ 705,291	$ 1,432,148	$ 121,172,540

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

		Defined Contribution Plans			
			Deferred Compensation Plans		
	Defined Benefit Pension Plans (see combining)	Georgia Defined Contribution Plan	State of Georgia 401 (K) Plan	State of Georgia 457 Plan	Regents 457 (F) Plan
Additions:					
Contributions					
Employer	$ 3,775,700	$ —	$ 108,002	$ —	$ 516
Fees	719	—	—	—	—
Insurance Premiums	—	—	—	—	—
NonEmployer	140,107	—	—	—	—
Plan Members	971,364	16,612	168,412	20,756	—
Miscellaneous	857	—	749	44	—
Interest and Other Investment Income					
Dividends and Interest	2,369,940	3,630	1,564	1,593	227
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	9,668,385	(4,170)	195,808	74,258	350
Less: Investment Expense	(85,940)	(71)	(3,210)	(878)	(3)
Transfers from Other Funds	29,677	—	—	—	—
Total Additions	16,870,809	16,001	471,325	95,773	1,090
Deductions:					
Distributions					
Benefits	7,710,582	7	118,932	48,801	—
General and Administrative Expenses	40,421	1,114	3,913	315	—
Pool Participant Withdrawals	—	—	—	—	1,208
Refunds	97,795	9,163	—	—	—
Total Deductions	7,848,798	10,284	122,845	49,116	1,208
Net Increase (Decrease) in Fiduciary Net Position	9,022,011	5,717	348,480	46,657	(118)
Net Position, July 1	105,005,851	137,407	1,553,440	661,629	4,548
Net Position, June 30	$ 114,027,862	$ 143,124	$ 1,901,920	$ 708,286	$ 4,430

Board of Regents Retiree Health Benefit Fund	Georgia State Employees Post-employment Health Benefit Fund	Georgia School Personnel Post-employment Health Benefit Fund	State Employees' Assurance Department - OPEB	Total
	Other Post Employment Benefit Plans			
$ 101,485	$ 177,694	$ 384,444	$ —	$ 4,547,841
—	—	—	—	719
—	—	—	2,624	2,624
—	—	—	—	140,107
—	—	—	—	1,177,144
—	—	—	—	1,650
6,640	31,370	11,501	29,684	2,456,149
1,161	214,040	78,461	118,252	10,346,545
(197)	(671)	(247)	(1,251)	(92,468)
—	—	—	—	29,677
109,089	422,433	474,159	149,309	18,609,988
100,862	191,207	417,026	50,611	8,638,028
1,396	1,615	3,404	835	53,013
—	—	—	—	1,208
—	—	—	—	106,958
102,258	192,822	420,430	51,446	8,799,207
6,831	229,611	53,729	97,863	9,810,781
211,904	1,801,133	651,562	1,334,285	111,361,759
$ 218,735	$ 2,030,744	$ 705,291	$ 1,432,148	$ 121,172,540

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
June 30, 2023
(amounts in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Assets				
Cash and Cash Equivalents	$ 188,181	$ 80,171	$ 703	$ 16,472
Receivables				
Interest and Dividends	—	2,735	—	771
Due from Brokers for Securities Sold	—	3,268	—	718
Other	39,078	—	1,234	2
Investments				
Investment Accounts				
Pooled Investments	14,534,619	—	546,776	78,118
Money Market Mutual Funds				
Mutual Funds	—	407,854	—	130,734
Repurchase Agreements				
Municipal, U.S. and Foreign Government Obligations	—	84,378	—	68,944
Corporate Bonds/Notes/Debentures	—	123,363	—	48,520
Stocks	—	365,053	—	214,712
Asset-backed Securities	—	6,401	—	6,968
Mortgage Investments	—	69,767	—	9,304
Real Estate Investment Trusts	—	6,989	—	1,006
Capital Assets				
Land	4,124	85	—	—
Buildings	2,800	1,535	—	—
Software	14,345	—	—	—
Machinery and Equipment	2,594	171	—	6
Works of Art	—	114	—	—
Accumulated Depreciation	(17,726)	(941)	—	(3)
Intangible Right-to-Use Assets				
Subscription Asset	109	—	—	—
Accumulated Amortization	(9)	—	—	—
Net OPEB Asset	936	—	—	—
Total Assets	14,769,051	1,150,943	548,713	576,272
Deferred Outflow of Resources	1,101	—	—	—
Liabilities				
Accounts Payable and Other Accruals	18,318	3,261	838	656
Due to Other Funds	447	—	8	1
Due to Brokers for Securities Purchased	—	4,714	—	1,830
Unearned Revenue	—	—	—	8
Compensated Absences Payable	—	87	—	—
Lease Liability	—	—	—	3
Net OPEB Liability	906	—	—	—
Net Pension Liability	—	—	—	—
Total Liabilities	19,671	8,062	846	2,498
Deferred Inflow of Resources	1,043	—	—	—
Net Position				
Restricted for Pension Benefits	$ 14,749,438	$ 1,142,881	$ 547,867	$ 573,774

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System of Georgia	Total
$ 30,224	$ 229	$ 1,144,866	$ 1,460,846
2,214	—	240,719	246,439
1,105	—	39,165	44,256
—	250	279,130	319,694
—	1,104,358	—	16,263,871
—	—	—	538,588
122,611	—	17,356,194	17,632,127
66,478	—	7,194,006	7,432,367
627,668	—	68,386,851	69,594,284
9,616	—	—	22,985
12,346	—	—	91,417
47,388	—	450,255	505,638
98	—	4,124	8,431
658	—	2,800	7,793
—	—	14,980	29,325
58	—	3,763	6,592
—	—	—	114
(311)	—	(19,224)	(38,205)
2,714	—	1,469	4,292
(890)	—	(105)	(1,004)
—	—	4,389	5,325
921,977	1,104,837	95,103,382	114,175,175
—	—	27,070	28,171
1,738	937	12,383	38,131
—	—	1	457
1,432	—	66,611	74,587
—	—	—	8
—	—	—	87
—	—	—	3
—	—	3,648	4,554
—	—	51,956	51,956
3,170	937	134,599	169,783
—	—	4,658	5,701
$ 918,807	$ 1,103,900	$ 94,991,195	$ 114,027,862

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Employees' Retirement System	Firefighters' Pension Fund	Georgia Judicial Retirement System	Other Defined Benefit Plans (see combining)
Additions:				
Contributions/Assessments				
Employer	$ 838,068	$ —	$ 2,944	$ 11,188
Fees	—	713	—	6
NonEmployer	10,499	51,887	2,355	7,903
Plan Members	41,577	4,125	6,018	1,097
Miscellaneous	—	560	—	3
Interest and Other Investment Income				
Dividends and Interest	304,819	19,853	11,380	24,142
Net Appreciation (Depreciation) in				
Investments Reported at Fair Value	1,214,238	82,697	45,336	(29,264)
Less: Investment Expense	(15,742)	(4,466)	(442)	(2,683)
Transfers from Other Funds	29,601	—	—	—
Total Additions	2,423,060	155,369	67,591	12,392
Deductions:				
Distributions				
Benefits	1,489,058	65,054	34,959	38,139
General and Administrative Expenses	9,389	1,822	1,004	1,440
Refunds	5,685	1,327	315	4
Total Deductions	1,504,132	68,203	36,278	39,583
Net Increase (Decrease) in Fiduciary Net Position	918,928	87,166	31,313	(27,191)
Net Position, July 1	13,830,510	1,055,715	516,554	600,965
Net Position, June 30	$ 14,749,438	$ 1,142,881	$ 547,867	$ 573,774

Peace Officers' Annuity and Benefit Fund	Public School Employees Retirement System	Teachers Retirement System of Georgia	Total
$ —	$ —	$ 2,923,500	$ 3,775,700
—	—	—	719
26,763	35,181	5,519	140,107
4,658	2,347	911,542	971,364
294	—	—	857
22,016	22,872	1,964,858	2,369,940
73,390	91,116	8,190,872	9,668,385
(3,802)	(899)	(57,906)	(85,940)
—	—	76	29,677
123,319	150,617	13,938,461	16,870,809
55,301	70,691	5,957,380	7,710,582
1,780	1,701	23,285	40,421
447	557	89,460	97,795
57,528	72,949	6,070,125	7,848,798
65,791	77,668	7,868,336	9,022,011
853,016	1,026,232	87,122,859	105,005,851
$ 918,807	$ 1,103,900	$ 94,991,195	$ 114,027,862

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
Other Defined Benefit Pension Plans
June 30, 2023
(amounts in thousands)

	District Attorneys Retirement Fund	Augusta University Early Retirement Pension Plan	Judges of the Probate Courts Retirement Fund of Georgia	Legislative Retirement System	Magistrates Retirement Fund of Georgia
Assets					
Cash and Cash Equivalents	$ 2	$ 6,716	$ 1,819	$ 140	$ 809
Receivables, Net					
Interest and Dividends	—	—	332	—	88
Due from Brokers for Securities Sold	—	—	589	—	42
Other	—	—	—	2	—
Investments					
Pooled Investments	—	—	—	38,276	—
Mutual Funds	—	76,123	5,864	—	4,021
Municipal, U.S. and Foreign Government Obligations	—	—	13,753	—	10,216
Corporate Bonds/Notes/Debentures	—	—	22,928	—	4,071
Stocks	—	44,655	54,545	—	16,846
Asset-backed Securities	—	—	4,496	—	513
Mortgage Investments	—	—	1,505	—	977
Real Estate Investment Trusts	—	—	—	—	86
Capital Assets					
Machinery and Equipment	—	—	—	—	—
Accumulated Depreciation	—	—	—	—	—
Total Assets	2	127,494	105,831	38,418	37,669
Liabilities					
Accounts Payable and Other Accruals	—	—	143	127	41
Due to Other Funds	—	—	—	1	—
Due to Brokers for Securities Purchased	—	—	481	—	196
Unearned Revenue	—	—	—	—	—
Lease Liability	—	—	—	—	—
Total Liabilities	—	—	624	128	237
Net Position					
Restricted for Pension Benefits	$ 2	$ 127,494	$ 105,207	$ 38,290	$ 37,432

Georgia Military Pension Fund	Sheriffs' Retirement Fund of Georgia	Superior Court Clerks' Retirement Fund of Georgia	Superior Court Judges Retirement Fund of Georgia	Total
$ 88	$ 2,740	$ 4,150	$ 8	$ 16,472
—	—	351	—	771
—	—	87	—	718
—	—	—	—	2
39,842	—	—	—	78,118
—	21,993	22,733	—	130,734
—	12,352	32,623	—	68,944
—	4,891	16,630	—	48,520
—	63,781	34,885	—	214,712
—	—	1,959	—	6,968
—	—	6,822	—	9,304
—	—	920	—	1,006
—	6	—	—	6
—	(3)	—	—	(3)
39,930	105,760	121,160	8	576,272
94	150	99	2	656
—	—	—	—	1
—	—	1,153	—	1,830
—	8	—	—	8
—	3	—	—	3
94	158	1,252	2	2,498
$ 39,836	$ 105,602	$ 119,908	$ 6	$ 573,774

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
Defined Benefit Pension Plans
Other Defined Benefit Pension Plans
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	District Attorneys Retirement Fund	Early Retirement Pension Plan - Augusta University	Judges of the Probate Courts Retirement Fund of Georgia	Legislative Retirement System	Magistrates Retirement Fund of Georgia
Additions:					
Contributions/Assessments					
Employer	$ 23	$ 8,089	$ —	$ —	$ —
Fees	3	—	—	—	—
NonEmployer	—	—	1,489	—	1,370
Plan Members	—	—	191	494	193
Rebates					
Miscellaneous	—	—	—	—	—
Interest and Other Investment Income					
Dividends and Interest	—	3,043	1,978	799	729
Net Appreciation (Depreciation) in					
Investments Reported at Fair Value	—	8,019	(18,202)	3,182	(5,557)
Less: Investment Expense	—	(156)	(953)	(34)	(239)
Total Additions	26	18,995	(15,497)	4,441	(3,504)
Deductions:					
Distributions					
Benefits	23	14,356	5,634	1,818	800
General and Administrative Expenses	3	—	152	364	125
Refunds	—	—	—	—	—
Total Deductions	26	14,356	5,786	2,182	925
Net Increase (Decrease) in Fiduciary Net Position	—	4,639	(21,283)	2,259	(4,429)
Net Position, July 1	2	122,855	126,490	36,031	41,861
Net Position, June 30	$ 2	$ 127,494	$ 105,207	$ 38,290	$ 37,432

Georgia Military Pension Fund	Sheriffs' Retirement Fund of Georgia	Superior Court Clerks' Retirement Fund of Georgia	Superior Court Judges Retirement Fund of Georgia	Total
$ 2,841	$ —	$ —	$ 235	$ 11,188
—	—	—	3	6
—	1,919	3,125	—	7,903
—	78	141	—	1,097
—	3	—	—	3
810	13,001	3,782	—	24,141
3,226	1,376	(21,308)	—	(29,263)
(24)	(555)	(722)	—	(2,683)
6,853	15,822	(14,982)	238	12,392
1,616	6,504	7,153	235	38,139
289	323	181	3	1,440
—	—	4	—	4
1,905	6,827	7,338	238	39,583
4,948	8,995	(22,320)	—	(27,191)
34,888	96,604	142,228	6	600,965
$ 39,836	$ 105,599	$ 119,908	$ 6	$ 573,774

Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2023
(amounts in thousands)

	Georgia Fund 1
Assets	
Pooled Investments with State Treasury	$ 16,994,344
Interest Receivable	49,850
Total Assets	17,044,194
Liabilities	
Accounts Payable and Other Accruals	—
Total Liabilities	—
Net Position	
Restricted for Pool Participants	$ 17,044,194

Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Georgia Fund 1
Additions:	
Contributions/Assessments	
Pool Participant Deposits	$ 19,376,584
Interest and Other Investment Income	
Dividends and Interest	608,547
Net Appreciation (Depreciation) in Investments	
Reported at Fair Value	—
Less: Investment Expense	(8,547)
Total Additions	19,976,584
Deductions:	
Distributions	
Pool Participant Withdrawals	16,484,727
Change in Net Position Restricted for Pool Participants	3,491,857
Net Position, July 1	13,552,337
Net Position, June 30	$ 17,044,194

Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2023
(amounts in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Tuition Guaranty Trust Fund	Total
Assets					
Cash and Cash Equivalents	$ 198	$ 1	$ —	$ 710	$ 909
Pooled Investments with State Treasury	600	2,439	303,827	4,062	310,928
Receivables, Net					
Other	—	13	7,300	—	7,313
Net OPEB Asset	—	—	215	—	215
Total Assets	798	2,453	311,342	4,772	319,365
Deferred Outflows of Resources	—	—	804	—	804
Liabilities					
Accounts Payable and Other Accruals	—	—	6	2	8
Cash Overdraft	—	168	—	—	168
Compensated Absences Payable	—	—	146	—	146
Net OPEB Liability	—	—	93	—	93
Net Pension Liability	—	—	1,631	—	1,631
Other Liabilities	—	3	—	—	3
Total Liabilities	—	171	1,876	2	2,049
Deferred Inflows of Resources	—	—	245	—	245
Net Position					
Restricted for:					
Other Purposes	798	2,282	310,025	4,770	317,875
Total Net Position	$ 798	$ 2,282	$ 310,025	$ 4,770	$ 317,875

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	Auctioneers Education, Research and Recovery Fund	Real Estate Education, Research and Recovery Fund	Subsequent Injury Trust Fund	Tuition Guaranty Trust Fund	Total
Additions:					
Contributions/Assessments					
Plan Members/Participants	$ 13	$ 210	$ —	$ 163	$ 386
Interest and Other Investment Income					
Dividends and Interest	21	89	12,272	158	12,540
Total Additions	34	299	12,272	321	12,926
Deductions:					
Distributions					
Benefits	—	—	19,082	—	19,082
General and Administrative Expenses	—	207	1,388	17	1,612
Total Deductions	—	207	20,470	17	20,694
Net Increase (Decrease) in Fiduciary Net Position	34	92	(8,198)	304	(7,768)
Net Position, July 1	764	2,190	318,223	4,466	325,643
Net Position, June 30	$ 798	$ 2,282	$ 310,025	$ 4,770	$ 317,875

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023
(amounts in thousands)

	ARPA NEU for Local Governments	Child Support Recovery Program	Detainees' Accounts	Flexible Benefits Program	Insurance Premium Tax Collections for Local Governments
Assets					
Cash and Cash Equivalents	$ 4,465	$ 45,145	$ 66,784	$ 3,049	$ —
Pooled Investments with State Treasury	—	—	—	1,278	—
Accounts Receivable, Net					
Sales Tax Collected for Other Taxing Units	—	—	—	—	—
Other	—	—	—	—	—
Investments, at Fair Value					
Certificates of Deposits	—	—	—	—	—
Pooled Investments	—	—	—	—	—
Mutual Funds	—	—	—	—	—
Other Assets	—	1	—	—	—
Total Assets	4,465	45,146	66,784	4,327	—
Liabilities					
Accounts Payable and Other Accruals	4,465	26	—	1,189	—
Cash Overdraft	—	—	—	—	—
Salaries Payable	—	—	—	—	—
Due to Local Governments	—	—	—	—	—
Unearned Revenue	—	—	—	—	—
Other Liabilities	—	852	—	—	—
Total Liabilities	4,465	878	—	1,189	—
Net Position					
Restricted for:					
Pool Participants	—	—	—	—	—
Individuals, Organizations, and Other Governments	—	44,268	66,784	3,138	—
Total Net Position	$ —	$ 44,268	$ 66,784	$ 3,138	$ —

Revenue Tax Collections for Local Governments	Survivor's Benefit Fund	Student Financial Aid and Support	Other Custodial Funds	Total	External Investment Pool
$ 137,020	$ 86	$ —	$ 25,700	$ 282,248	$ —
18,631	—	—	11,208	31,117	—
1,039,395	—	—	—	1,039,395	—
6,107	—	91,985	1,845	99,937	—
—	—	—	2,180	2,180	—
—	212,712	—	314	213,026	75,237
—	—	—	62,252	62,252	—
—	—	12,148	1,083	13,232	—
1,201,153	212,798	104,133	104,582	1,743,387	75,237
—	—	2,653	3,858	12,190	—
—	—	78,912	—	78,912	—
—	—	—	1	1	—
1,201,153	—	—	—	1,201,153	—
—	—	3,095	—	3,095	—
—	—	1,609	—	2,461	—
1,201,153	—	86,269	3,859	1,297,812	—
—	—	—	—	—	75,237
—	212,798	17,864	100,723	445,575	—
$ —	$ 212,798	$ 17,864	$ 100,723	$ 445,575	$ 75,237

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

	ARPA NEU for Local Governments	Child Support Recovery Program	Detainees' Accounts	Flexible Benefits Program	Insurance Premium Tax Collections for Local Governments
Additions:					
Contributions/Assessments					
Child Support Recovery Program	$ —	$ 700,339	$ —	$ —	$ —
Collections for Local Governments	—	—	—	—	641,438
Detainees' Accounts	—	—	66,543	—	—
Plan Members/Participants	—	—	—	146,366	—
Pool Participant Deposits	—	—	—	—	—
Student Financial Aid	—	—	—	—	—
Student Support	—	—	—	—	—
Miscellaneous	—	—	—	—	—
Interest and Other Investment Income					
Dividends and Interest	—	—	—	169	—
Net Appreciation (Depreciation) in Investments Reported at Fair Value	—	—	—	—	—
Less: Investment Expense	—	—	—	—	—
Total Additions	—	700,339	66,543	146,535	641,438
Deductions:					
Distributions					
Benefits	—	—	—	146,299	—
Child Support Recovery Program	—	698,447	—	—	—
Detainees' Accounts	—	—	70,486	—	—
Distributions to Local Governments	—	—	—	—	641,438
Pool Participant Withdrawals	—	—	—	—	—
Student Financial Aid	—	—	—	—	—
Student Support	—	—	—	—	—
Miscellaneous	—	—	—	5	—
Transfers to Other Funds	—	—	—	6,612	—
Total Deductions	—	698,447	70,486	152,916	641,438
Net Increase (Decrease) in Fiduciary Net Position	—	1,892	(3,943)	(6,381)	—
Net Position, July 1 (restated)	—	42,376	70,727	9,519	—
Net Position, June 30	$ —	$ 44,268	$ 66,784	$ 3,138	$ —

Revenue Tax Collections for Local Governments	Survivor's Benefit Fund	Student Financial Aid and Support	Other Custodial Funds	Total	External Investment Pool
$ —	$ —	$ —	$ —	$ 700,339	$ —
8,999,818	—	—	—	9,641,256	—
—	—	—	—	66,543	—
—	—	—	—	146,366	—
—	—	—	—	—	4,847
—	—	2,127,802	—	2,127,802	—
—	—	121,115	—	121,115	—
18,000	—	2,631	79,382	100,013	—
—	21,611	3	2,175	23,958	1,803
—	—	—	—	—	4,068
—	—	—	(71)	(71)	(69)
9,017,818	21,611	2,251,551	81,486	12,927,321	10,649
—	—	—	—	146,299	—
—	—	—	—	698,447	—
—	—	—	—	70,486	—
9,017,818	—	—	—	9,659,256	—
—	—	—	—	—	2,252
—	—	2,133,539	—	2,133,539	—
—	—	115,128	—	115,128	—
—	—	602	60,787	61,394	—
—	—	—	—	6,612	—
9,017,818	—	2,249,269	60,787	12,891,161	2,252
—	21,611	2,282	20,699	36,160	8,397
—	191,187	15,582	80,024	409,415	66,840
$ —	$ 212,798	$ 17,864	$ 100,723	$ 445,575	$ 75,237


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

NONMAJOR COMPONENT UNITS

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Component units are legally separate organizations for which the State's elected officials are considered to be financially accountable. Nonmajor component units are described below:

The **Atlanta-region Transit Link "ATL" Authority** is a body corporate and politic. The purpose of which is to manage transit and air quality within certain areas of the State of Georgia. The Board of Directors of the Authority consists of 16 members; of which, the primary government appoints or elects a majority.

Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Georgia Development Authority** is a body corporate and politic. The Authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

The **Savannah-Georgia Convention Center Authority** a state Authority, effective July 1, 2019, formally Georgia International and Maritime Trade Center Authority is a body corporate and politic. The Authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes, and to construct, operate and maintain the Savannah International Trade and Convention Center. The Authority is governed by a board of directors composed of 11 members; 6 members appointed by the Governor; 3 members appointed by the members of the Georgia General Assembly representing Chatham County; the President of the Savannah Area Convention and Visitors' Bureau; and the President of the Savannah Economic Development Authority.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The Commission consists of 11 members who are accountable as trustees. Of the 11 members serving on the Board, six members are State officials or are appointed by State officials.

The **Georgia Higher Education Assistance Corporation** is a nonprofit public authority, body corporate and politic. The Corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The Corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of 14 members appointed by the Governor.

The **Georgia Military College** (GMC) is a public authority, body corporate and politic, and is an instrumentality and a public corporation of the State. GMC is dedicated to providing a high-quality military education to the youth of the State. The Board of Trustees consists of the mayor of the City of Milledgeville and six additional members, one of which is elected from each of the six municipal voting districts of the City, as required by statute. The government, control, and management of GMC are vested in the Board of Trustees. GMC receives any designated funds appropriated by the General Assembly through the Board of Regents of the University System of Georgia.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This Commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the Commission must be approved by the State. The Board consists of nine members appointed by the Governor. Financial information presented for the Commission includes its component unit, Foundation for Public Broadcasting in Georgia, Inc.

The **Georgia Regional Transportation Authority** is a body corporate and politic. Within its jurisdiction, the purpose of the Authority is to manage land transportation and air quality, review all Developments of Regional Impact (DRI), and approve the allocation of state and federal transportation resources in metro Atlanta via the Atlanta Transportation Improvement Program (TIP). The Governor appoints all 15 Board Members of the Authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This Authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the Authority by the State. State officials comprise four of the 14 members of the Board, and the Governor appoints the remaining 10.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities for the University System of Georgia.

The **REACH Georgia Foundation** is a nonprofit organization that was formed to ensure that Georgia's academically promising students have the academic, social and financial support needed to graduate from high school, access college and achieve postsecondary success. The REACH Georgia Program is the State of Georgia's first needs-based mentorship and college scholarship program and the Foundation's mission is to raise and invest funds.

The **Regional Educational Service Agencies** were established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has 16 of these agencies.

The **Georgia Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the 10 members of the Board, the Governor appoints four. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.

Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This Authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

Description of Nonmajor Component Units

The **Jekyll Island - State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor. Financial information presented for the Authority includes its component unit, Jekyll Island Foundation, Inc.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the Authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the maintaining and operating of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and nine members appointed by the Governor.

Combining Statement of Net Position
Nonmajor Component Units
June 30, 2023
(amounts in thousands)

	Atlanta-Region Transit Link Authority	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Assets						
Current Assets:						
Cash and Cash Equivalents	$ 15,038	$ 28,959	$ 2,187	$ 500,265	$ 17,335	$ 2,942
Pooled Investment with State Treasurer	34,823	255,473	26,666	—	—	—
Investments	—	—	—	116,289	—	17,423
Receivables						
Accounts (Net)	16,363	1,837	65	389,731	6,472	1,336
Leases from						
Primary Government	—	—	—	17,074	—	—
External	—	—	—	—	869	1,143
Interest and Dividends	—	2,099	—	—	—	—
Primary Government	—	—	—	95,273	—	—
External	—	15,978	—	—	—	—
Taxes	—	1,187	—	—	—	—
Due from Primary Government	—	51,169	145	19,495	—	—
Due from Component Units	—	—	—	—	—	—
Inventory	—	140	—	—	1,573	—
Other Current Assets	1	141	—	36,148	96	—
Restricted Assets						
Cash and Cash Equivalents	—	—	—	134,189	—	—
Investments	—	—	—	198,711	—	—
Other	—	—	—	45,115	—	—
Total Current Assets	66,225	356,983	29,063	1,552,290	26,345	22,844
Noncurrent Assets:						
Investments	—	—	—	403,656	—	—
Receivables						
Leases from						
Primary Government	—	—	—	91,911	—	—
External	—	—	—	—	—	734
Notes and Loans (net)						
Primary Government	—	—	—	1,961,900	—	—
External	—	160,624	—	—	—	—
Other (Net)	—	—	—	97,386	—	—
Restricted Assets						
Cash and Cash Equivalents	—	—	—	146,097	—	—
Investments	—	—	—	2,218,796	—	—
Net OPEB Asset	202	—	—	—	47	702
Receivables						
Other	—	—	—	54,877	—	—
Non-depreciable Capital Assets	—	17,625	—	182,694	3,638	1,479
Depreciable Capital Assets (Net)	—	8,083	—	642,868	94,716	5,600
Right-to-use Assets (Net)	3,252	—	—	194,986	29,595	660
Other Noncurrent Assets	—	—	—	27,098	—	—
Total Noncurrent Assets	3,454	186,332	—	6,022,269	127,996	9,175
Total Assets	69,679	543,315	29,063	7,574,559	154,341	32,019
Deferred Outflows of Resources	2,813	—	—	27,621	35,044	13,104

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Georgia Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 21	$ 25,454	$ 13	$ 21,999	$ 10,859	$ 50,755	$ 675,827
—	2,864	4	63,179	—	7,823	390,832
66,780	419	—	—	—	—	200,911
—	16,336	14,977	—	1,706	7,132	455,955
—	—	—	—	—	—	17,074
—	—	—	—	—	3,083	5,095
—	—	—	1,881	—	1,783	5,763
—	—	—	—	—	—	95,273
—	—	—	177,455	—	—	193,433
—	—	—	—	—	—	1,187
—	—	—	1,390	—	—	72,199
—	—	—	42,559	—	—	42,559
—	3,078	—	—	—	1,405	6,196
—	652	—	302	133	413	37,886
209	—	—	—	20,232	—	154,630
—	—	—	—	—	—	198,711
—	—	—	—	—	—	45,115
67,010	48,803	14,994	308,765	32,930	72,394	2,598,646
—	—	—	—	—	—	403,656
—	—	—	—	—	—	91,911
—	—	—	—	—	140,683	141,417
—	—	—	—	—	—	1,961,900
—	—	—	—	—	—	160,624
—	—	—	—	—	—	97,386
—	—	—	—	—	1,506	147,603
—	—	—	—	—	—	2,218,796
—	107	—	—	237	941	2,236
—	—	—	—	—	—	54,877
—	497	—	412	—	27,492	233,837
—	6,529	—	1,339	2,520	217,024	978,679
—	64	—	—	1,215	899	230,671
—	—	—	15	—	—	27,113
—	7,197	—	1,766	3,972	388,545	6,750,706
67,010	56,000	14,994	310,531	36,902	460,939	9,349,352
—	76,153	—	—	998	12,021	167,754

(continued)

Combining Statement of Net Position
Nonmajor Component Units
June 30, 2023
(amounts in thousands)

	Atlanta-Region Transit Link Authority	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Liabilities						
Current Liabilities:						
Accounts Payable and Other Accruals	4,982	5,125	78	66,587	2,807	1,093
Due to Primary Government	14	24	—	430,361	—	13
Due to Component Units	—	—	177	—	—	—
Funds Held for Others	910	—	—	104,016	—	—
Unearned Revenue	15,000	28	—	185,468	4,583	282
Notes and Loans Payable						
External	—	—	—	79,821	—	—
Lease Obligations						
Primary Government	—	—	—	178	—	—
External	582	—	—	24,073	3,153	124
Subscription Obligations	—	—	—	817	—	—
Revenue/Mortgage Bonds Payable	—	—	—	90,470	—	—
Other Current Liabilities	182	4,694	—	22,498	575	681
Current Liabilities Payable from Restricted Assets:						
Other	—	—	—	—	—	—
Total Current Liabilities	21,670	9,871	255	1,004,289	11,118	2,193
Noncurrent Liabilities:						
Unearned Revenue	—	—	—	23,739	—	—
Notes and Loans Payable						
External	—	—	—	139,163	—	—
Lease Obligations						
Primary Government	—	—	—	3,462	—	—
External	2,870	—	—	128,908	26,834	579
Subscription Obligations	—	—	—	1,590	—	—
Revenue/Mortgage Bonds Payable	—	—	—	2,268,876	—	—
Derivative Instrument Payable	—	—	—	39	—	—
Net OPEB Liability	—	—	—	—	21,811	12,003
Net Pension Liability	5,243	—	—	—	57,732	21,638
Other Noncurrent Liabilities	128	56,156	1,412	17,002	—	571
Total Noncurrent Liabilities	8,241	56,156	1,412	2,582,779	106,377	34,791
Total Liabilities	29,911	66,027	1,667	3,587,068	117,495	36,984
Deferred Inflows of Resources	105	—	—	121,998	17,913	14,225
Net Position						
Net Investment in Capital Assets	(211)	25,272	—	307,064	97,962	7,036
Restricted for:						
Bond Covenants/Debt Service	—	—	—	33,412	—	—
Capital Projects	—	—	—	269,433	—	—
Permanent Trust Expendable	—	—	—	957,412	—	—
Other Purposes	21,512	83,351	—	104,095	—	—
Nonexpendable:						
Permanent Trust	—	—	—	1,300,285	—	—
Other Purposes	—	—	—	73,455	—	—
Unrestricted	21,175	368,665	27,396	847,958	(43,985)	(7,112)
Total Net Position	$ 42,476	$ 477,288	$ 27,396	$ 3,893,114	$ 53,977	$ (76)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
—	8,227	17,898	811	8,544	4,944	121,096
—	1	—	—	—	5	430,418
42,382	—	—	—	—	—	42,559
—	—	—	—	—	—	104,926
—	157	—	463	—	12,188	218,169
—	374	—	—	—	1,360	81,555
—	—	—	—	—	—	178
—	24	—	8	320	232	28,516
—	—	—	—	—	—	817
—	—	—	—	—	639	91,109
—	14	—	—	—	484	29,128
—	—	—	—	7,904	—	7,904
42,382	8,797	17,898	1,282	16,768	19,852	1,156,375
—	—	—	—	—	—	23,739
—	1,299	—	—	—	6,151	146,613
—	—	—	—	—	—	3,462
—	41	—	—	1,036	673	160,941
—	—	—	—	—	—	1,590
—	—	—	—	—	2,918	2,271,794
—	—	—	—	—	—	—
—	—	—	—	—	—	39
—	41,158	—	—	118	332	75,422
—	118,462	—	—	2,037	24,663	229,775
—	104	—	966	—	947	77,286
—	161,064	—	966	3,191	35,684	2,990,661
42,382	169,861	17,898	2,248	19,959	55,536	4,147,036
—	38,616	—	15	184	143,516	330,562
—	7,557	—	1,743	2,379	241,532	690,334
—	—	—	—	—	—	33,412
—	—	—	—	—	—	269,433
—	—	—	—	—	—	957,412
24,607	128	—	263,447	—	6,459	503,599
—	—	—	—	—	—	1,300,285
—	—	—	—	—	—	73,455
21	(84,009)	(2,904)	43,078	15,378	25,917	1,211,578
$ 24,628	$ (76,324)	$ (2,904)	$ 308,268	$ 17,757	$ 273,908	$ 5,039,508

Combining Statement of Activities
Nonmajor Component Units
For the Fiscal Year Ended June 30, 2023
(amounts in thousands)

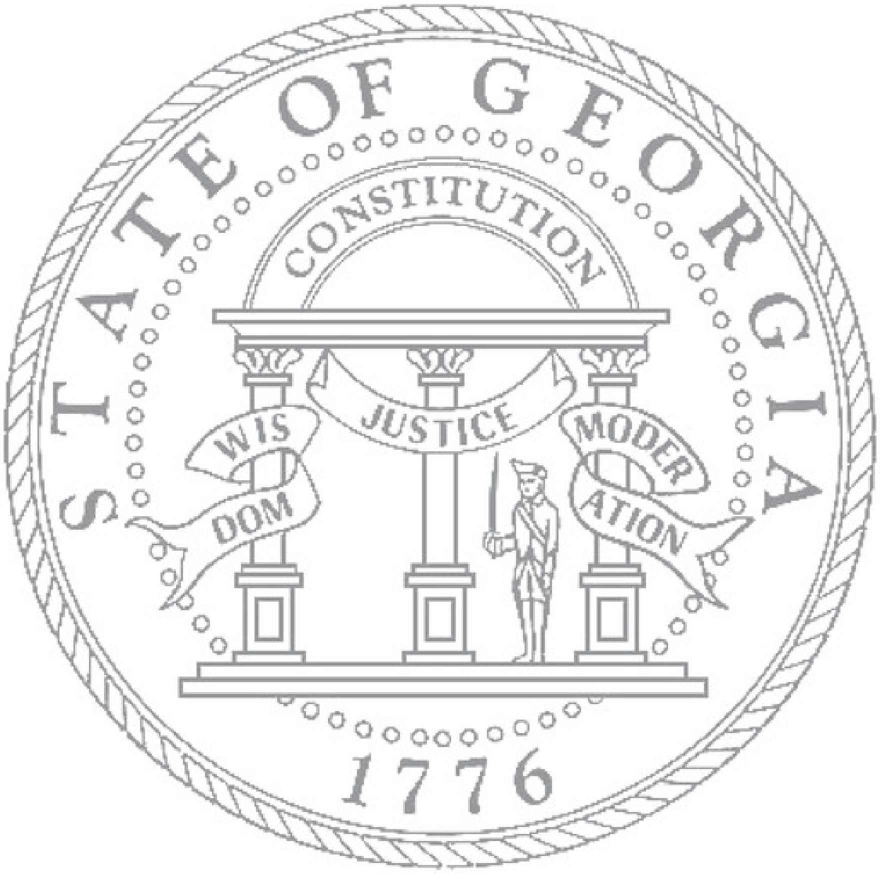
	Atlanta-Region Transit Link Authority	Economic Development Organizations	Georgia Higher Education Assistance Corporation	Higher Education Foundations	Georgia Military College	Georgia Public Telecommunications Commission
Expenses	$ 41,800	$ 43,531	$ 1,680	$ 2,521,899	$ 79,933	$ 47,171
Program Revenues:						
Sales and Charges for Services	1,840	22,324	2,775	549,126	35,224	7,904
Operating Grants and Contributions	37,333	75,111	895	2,142,930	45,065	18,614
Capital Grants and Contributions	—	943	—	13,304	64	114
Total Program Revenues	39,173	98,378	3,670	2,705,360	80,353	26,632
Net (Expenses) Revenue	(2,627)	54,847	1,990	183,461	420	(20,539)
General Revenues:						
Taxes	—	6,838	—	—	—	—
Unrestricted Investment Income	—	1,304	—	41,409	—	—
Payments from the Primary Government	13,062	51,169	—	—	—	14,814
Contributions to Permanent Endowments	—	—	—	91,833	—	—
Total General Revenues	13,062	59,311	—	133,242	—	14,814
Change in Net Position	10,435	114,158	1,990	316,703	420	(5,725)
Net Position, July 1 - (Restated)	32,041	363,130	25,406	3,576,411	53,557	5,649
Net Position, June 30	$ 42,476	$ 477,288	$ 27,396	$ 3,893,114	$ 53,977	$ (76)

REACH Georgia Foundation	Regional Educational Service Agencies	Georgia Regional Transportation Authority	Georgia Student Finance Authority	Georgia Superior Court Clerks' Cooperative Authority	Tourism State Attractions	Total
$ 2,038	$ 115,866	$ 7,297	$ 54,166	$ 21,540	$ 86,661	$ 3,023,582
—	24,764	—	55,534	21,214	63,972	784,677
8,165	91,137	6,963	15,594	516	20,246	2,462,569
—	—	—	—	—	2,255	16,680
8,165	115,901	6,963	71,128	21,730	86,473	3,263,926
6,127	35	(334)	16,962	190	(188)	240,344
—	—	—	—	—	4,085	10,923
400	—	—	—	—	—	43,113
—	—	351	—	—	900	80,296
—	—	—	—	—	—	91,833
400	—	351	—	—	4,985	226,165
6,527	35	17	16,962	190	4,797	466,509
18,101	(76,359)	(2,921)	291,306	17,567	269,111	4,572,999
$ 24,628	$ (76,324)	$ (2,904)	$ 308,268	$ 17,757	$ 273,908	$ 5,039,508


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

STATISTICAL SECTION

Radium Springs Garden
Albany, Georgia
Submitted by the Georgia Department of Economic Development


STATE OF GEORGIA
CONSTITUTION
WISDOM
JUSTICE
MODERATION
1776

This part of the *Annual Comprehensive Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

Index **Page**

Financial Trends Information

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Schedule 1 - Net Position by Component ... 353
Schedule 2 - Changes in Net Position ... 355
Schedule 3 - Fund Balances of Governmental Funds ... 359
Schedule 4 - Changes in Fund Balances of Governmental Funds ... 361

Revenue Capacity Information

These schedules contain information to help the reader assess the State's most significant revenue source: personal income tax.

Schedule 5 - Revenue Base - Personal Income by Industry ... 365
Schedule 6 - Individual Income Tax Rates by Filing Status and Income Level ... 367
Schedule 7 - Individual Income Tax Filers and Liability by Income Level ... 368

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule 8 - Ratios of Outstanding Debt by Type ... 369
Schedule 9 - Ratios of General Bonded Debt Outstanding ... 371
Schedule 10 - Computation of Legal Debt Margin ... 373

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule 11 - Population/Demographics ... 375
Schedule 12 - Principal Private Sector Employers ... 376

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.

Schedule 13 - State Government Employment by Function ... 377
Schedule 14 - Operating Indicators and Capital Assets by Function ... 379

Sources: : Unless otherwise noted, the information in these schedules is derived from the *Annual Comprehensive Financial Reports* for the relevant year.

Schedule 1
Net Position by Component
For the Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020
Governmental Activities (1) (3)				
Net Investment in Capital Assets	$ 25,910,175	$ 23,922,912	$ 23,070,070	$ 21,408,838
Restricted	9,537,871	8,797,900	7,834,065	6,342,472
Unrestricted	9,420,604	4,130,094	(4,264,983)	(7,609,857)
Total Governmental Activities Net Position	$ 44,868,650	$ 36,850,906	$ 26,639,152	$ 20,141,453
Business-Type Activities (1) (2)				
Net Investment in Capital Assets	$ 9,433,321	$ 9,103,939	$ 8,593,594	$ 8,529,759
Restricted	2,721,596	2,258,572	1,689,450	1,872,318
Unrestricted	(5,280,016)	(5,843,378)	(6,846,987)	(6,344,267)
Total Business-type Activities Net Position	$ 6,874,901	$ 5,519,133	$ 3,436,057	$ 4,057,810
Total Primary Government (1) (2) (3)				
Net Investment in Capital Assets	$ 31,890,611	$ 29,653,291	$ 28,290,100	$ 26,614,216
Restricted	12,259,467	11,056,472	9,523,515	8,214,790
Unrestricted	7,593,473	1,660,276	(7,738,406)	(10,629,743)
Total Primary Government Net Position	$ 51,743,551	$ 42,370,039	$ 30,075,209	$ 24,199,263

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit were reported as governmental activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

(2) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, Inc. component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. In fiscal year 2017 the Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc. and VSU Auxiliary Services Real Estate Foundation, Inc. are reported as discretely presented component units (previously Higher Education Fund).

(3) Beginning in fiscal year 2015, Governmental Activities classification of outstanding general obligation bonds for the purposes of capital acquisition and construction on behalf of Business -Type Activities, previously reported as net investment in capital assets, is presented as unrestricted. For the Primary Government, the presentation of these outstanding general obligation bonds is presented as net investment in capital assets.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports*

Fiscal Year

2019	2018	2017	2016	2015	2014
$ 20,361,680	$ 19,542,361	$ 18,575,368	$ 17,213,380	$ 16,562,899	$ 13,186,605
6,275,129	5,792,152	5,013,504	4,499,014	3,668,030	3,653,903
(7,660,565)	(8,506,350)	(5,210,957)	(5,745,504)	(6,914,616)	(1,644,265)
$ 18,976,244	$ 16,828,163	$ 18,377,915	$ 15,966,890	$ 13,316,313	$ 15,196,243
$ 8,429,136	$ 7,849,961	$ 7,773,009	$ 7,529,660	$ 7,344,726	$ 6,575,166
3,349,557	2,955,296	2,639,561	1,837,521	1,546,723	1,367,598
(6,201,340)	(6,250,035)	(4,484,701)	(3,857,184)	(3,957,761)	(820,616)
$ 5,577,353	$ 4,555,222	$ 5,927,869	$ 5,509,997	$ 4,933,688	$ 7,122,148
$ 25,566,212	$ 24,372,160	$ 23,502,948	$ 21,892,080	$ 20,926,469	$ 19,761,771
9,624,686	8,747,448	7,653,065	6,336,535	5,214,753	5,021,501
(10,637,301)	(11,736,223)	(6,850,229)	(6,751,728)	(7,891,221)	(2,464,881)
$ 24,553,597	$ 21,383,385	$ 24,305,784	$ 21,476,887	$ 18,250,001	$ 22,318,391

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020
Expenses				
Governmental Activities				
General Government	$ 2,752,005	$ 1,858,419	$ 2,305,031	$ 1,580,323
Education	22,276,859	17,159,895	16,048,419	14,744,905
Health and Welfare	27,314,597	25,394,670	22,446,647	19,182,338
Transportation [1]	3,151,843	2,877,965	2,602,147	2,831,753
Public Safety	2,896,710	2,678,996	2,196,467	2,557,268
Economic Development and Assistance	822,101	600,685	492,212	414,177
Culture and Recreation	403,942	328,455	296,593	291,934
Conservation	81,294	76,462	65,701	59,402
Interest and Other Charges on Long-Term Debt [1]	520,199	335,152	415,166	309,200
Total Governmental Activities	60,219,550	51,310,699	46,868,383	41,971,300
Business-type Activities				
Higher Education Fund [2]	11,074,416	10,541,832	10,208,186	10,355,168
State Health Benefit Plan	3,280,753	3,477,097	3,173,666	2,735,542
Unemployment Compensation Fund	83,294	253,672	12,925,409	10,229,884
Nonmajor Enterprise Funds [1] [2]	66,272	67,034	87,827	204,559
Total Business-type Activities	14,504,735	14,339,635	26,395,088	23,525,153
Total Primary Government Expenses	$ 74,724,285	$ 65,650,334	$ 73,263,471	$ 65,496,453
Program Revenues				
Governmental Activities [1] [2] [3]				
Sales and Charges for Services				
General Government	$ 983,602	$ 911,257	$ 838,181	$ 759,685
Health and Welfare	163,710	582,058	97,934	70,209
Public Safety	166,898	165,233	184,815	166,570
Other Sales and Charges for Services	383,083	314,830	308,672	295,692
Operating Grants and Contributions	32,520,757	27,055,205	23,237,101	17,728,046
Capital Grants and Contributions	1,837,763	1,522,385	1,580,949	1,730,727
Total Governmental Activities	36,055,813	30,550,968	26,247,652	20,750,929
Business-type Activities [1]				
Sales and Charges for Services				
Higher Education Fund [2]	3,664,465	3,774,710	3,490,490	3,583,317
State Health Benefit Plan [4]	3,467,702	3,102,277	3,079,378	2,827,312
Unemployment Compensation Fund [4]	583,218	562,576	570,965	633,361
Nonmajor Enterprise Funds [1] [2]	80,992	70,183	40,407	39,844
Operating Grants and Contributions	4,161,060	5,030,248	15,698,794	11,723,271
Capital Grants and Contributions	58,107	54,308	27,227	103,004
Total Business-type Activities	12,015,544	12,594,302	22,907,261	18,910,109
Total Primary Government Program Revenues	$ 48,071,357	$ 43,145,270	$ 49,154,913	$ 39,661,038
Net (Expense) Revenue				
Governmental Activities [1]	$ (24,163,737)	$ (20,759,731)	$ (20,620,731)	$ (21,220,371)
Business-type Activities [2] [3] [4]	(2,489,191)	(1,745,333)	(3,487,827)	(4,615,044)
Total Primary Government	$ (26,652,928)	$ (22,505,064)	$ (24,108,558)	$ (25,835,415)

Fiscal Year

2019	2018	2017	2016	2015	2014
$ 1,262,837	$ 1,380,132	$ 1,229,891	$ 1,385,643	$ 1,735,174	$ 1,658,846
13,892,451	13,266,545	12,655,824	12,024,645	11,408,408	10,788,262
18,015,041	18,082,536	17,238,499	16,795,986	16,589,708	16,107,840
2,668,539	2,400,875	1,964,380	1,917,223	1,904,464	1,845,850
2,605,402	2,525,521	2,628,645	2,145,769	1,994,413	2,002,615
465,465	524,516	645,604	509,074	590,676	510,338
309,863	308,917	279,375	279,772	236,922	247,170
54,758	72,135	60,603	59,409	54,280	37,002
381,895	379,211	394,388	424,595	678,888	592,668
39,656,251	38,940,388	37,097,209	35,542,116	35,192,933	33,790,591
9,739,025	9,300,291	9,063,716	8,576,540	8,323,884	7,984,962
2,613,192	2,882,954	2,296,062	2,153,073	2,025,638	2,032,910
319,367	325,523	328,266	379,714	458,112	1,152,763
205,638	207,054	194,402	11,587	158,809	229,630
12,877,222	12,715,822	11,882,446	11,120,914	10,966,443	11,400,265
$ 52,533,473	$ 51,656,210	$ 48,979,655	$ 46,663,030	$ 46,159,376	$ 45,190,856
$ 761,015	$ 724,539	$ 698,096	$ 799,281	$ 621,448	$ 2,770,681
75,300	78,995	292,832	91,838	134,140	562,606
187,020	184,472	186,972	167,297	157,056	154,324
277,008	273,257	236,843	275,045	260,346	236,035
16,236,248	16,277,251	15,611,324	15,372,385	15,758,799	14,780,822
1,614,685	1,560,745	1,608,086	1,377,654	1,182,723	1,239,876
19,151,276	19,099,259	18,634,153	18,083,500	18,114,512	19,744,344
3,730,124	3,578,611	3,552,863	3,509,384	3,241,333	2,993,298
2,523,714	2,965,082	2,188,034	2,121,100	2,363,917	—
592,707	649,655	709,830	785,392	849,070	—
40,566	43,124	30,181	11,640	95,020	146,407
3,354,730	3,031,969	2,788,516	2,636,285	2,611,058	6,695,670
109,838	107,167	79,085	60,543	102,216	36,664
10,351,679	10,375,608	9,348,509	9,124,344	9,262,614	9,872,039
$ 29,502,955	$ 29,474,867	$ 27,982,662	$ 27,207,844	$ 27,377,126	$ 29,616,383
$ (20,504,975)	$ (19,841,129)	$ (18,463,056)	$ (17,458,616)	$ (17,078,421)	$ (14,046,247)
(2,525,543)	(2,340,214)	(2,533,937)	(1,996,570)	(1,703,829)	(1,528,226)
$ (23,030,518)	$ (22,181,343)	$ (20,996,993)	$ (19,455,186)	$ (18,782,250)	$ (15,574,473)

(continued)

Schedule 2
Changes in Net Position
For the Last Ten Fiscal Years
(accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental Activities [1] [2]				
General Revenues				
Taxes				
Individual Income	$ 16,040,831	$ 17,424,758	$ 13,699,488	$ 12,529,857
Sales - General	9,004,724	8,447,837	7,268,260	6,212,812
Motor Fuel Tax	836,367	1,601,486	1,779,560	1,872,628
Motor Vehicle License and Title Ad Valorem Taxes[4]	1,238,623	1,240,166	1,139,049	1,041,107
Corporate Tax	3,696,720	2,393,161	1,741,239	1,214,809
Other Taxes	1,349,988	1,114,093	1,321,424	1,069,632
Lottery for Education - Lottery Proceeds[4]	1,516,383	1,474,003	1,544,954	1,237,345
Nursing Home and Hospital Provider Fees[4]	532,147	525,555	519,078	513,666
Tobacco Settlement Funds[4]	164,832	180,573	175,995	157,009
Unrestricted Investment Income	1,064,891	(24,622)	15,468	148,822
Unclaimed Property	232,593	129,263	179,098	141,925
Other	251,001	217,998	171,346	185,350
Transfers	(3,841,817)	(3,785,712)	(2,871,515)	(3,035,910)
Total Governmental Activities	32,087,283	30,938,559	26,683,444	23,289,052
Business-type Activities [1] [2]				
General Revenues				
Contributions to Permanent Endowments	3,142	11,817	731	964
Transfers	3,841,817	3,785,712	2,871,515	3,035,910
Total Business-type Activities	3,844,959	3,797,529	2,872,246	3,036,874
Total Primary Government General Revenues and Other Changes in Net Position	$ 35,932,242	$ 34,736,088	$ 29,555,690	$ 26,325,926
Changes in Net Position				
Governmental Activities [1] [2]	$ 7,923,546	$ 10,178,828	$ 6,062,713	$ 2,068,681
Business-type Activities [1] [2] [3]	1,355,768	2,052,196	(615,581)	(1,578,170)
Total Primary Government	$ 9,279,314	$ 12,231,024	$ 5,447,132	$ 490,511

(1) Beginning in fiscal year 2013, the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc., the Georgia State University Foundation, Inc., the Georgia State University Research Foundation, Inc., the Georgia Tech Facilities, Inc., the University System of Georgia Foundation, Inc. and the VSU Auxiliary Services Real Estate Foundation, Inc., component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in the fiscal year 2014, the activity of the Georgia Southern University Housing Foundation, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the North Georgia Real Estate Foundation, Inc., and the UWG Real Estate Foundation, component units, are blended with those of the nonmajor enterprise funds (previously discretely presented). Beginning in fiscal year 2015, the activity of the Georgia State University Foundation, Inc. is discretely presented (previously blended) and the activity of the Armstrong Atlantic State University Educational Properties Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Beginning in fiscal year 2016, the Georgia Tech Facilities, Inc., the Middle Georgia State University Real Estate Foundation, Inc., the University of North Georgia Real Estate Foundation, Inc., and the University System of Georgia Foundation, Inc. are discreetly presented (previously blended) and the activity of the Georgia State University Research Foundation, Inc. is removed as it no longer met requirements for inclusion in the financial reporting entity as nonmajor enterprise funds. Additionally, Georgia Southern University Housing Foundation, Inc., UWG Real Estate Foundation, Inc., and VSU Auxiliary Services Real Estate Foundation, Inc. are reported in the Higher Education Fund (previously blended nonmajor enterprise funds). Then in fiscal year 2017 these three foundations no longer met the requirements for being reported in the Higher Education Fund and are reported as discretely presented component units.

(2) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA was re-examined again and it was determined that the toll facilities and customer service center (previously part of governmental activities) are now reported as part of business-type activities.

Fiscal Year

2019	2018	2017	2016	2015	2014
$ 12,255,424	$ 11,109,361	$ 11,318,052	$ 9,799,035	$ 9,769,658	$ 8,976,720
6,226,817	5,905,929	5,798,400	5,730,560	5,235,481	4,988,620
1,836,890	1,800,191	1,741,413	1,668,568	1,210,079	1,196,154
1,253,113	1,314,354	1,347,626	1,307,054	1,167,421	—
1,272,157	1,004,524	955,791	981,475	1,014,290	949,815
939,419	1,124,370	607,929	1,515,674	774,605	801,605
1,207,369	1,143,515	1,101,062	1,097,823	980,653	—
488,218	465,595	442,576	434,126	454,372	—
163,851	168,926	140,938	137,035	138,385	—
205,072	104,230	50,631	33,936	9,103	4,995
144,841	151,462	143,683	153,257	156,360	148,129
221,221	184,240	196,046	12,916	9,646	12,112
(3,485,850)	(2,993,509)	(2,803,960)	(2,639,131)	(2,657,978)	(2,308,895)
22,728,542	21,483,188	21,040,187	20,232,328	18,262,075	14,769,255
1,300	345	833	137	—	7,522
3,485,850	2,993,509	2,803,960	2,639,131	2,657,978	2,308,895
3,487,150	2,993,854	2,804,793	2,639,268	2,657,978	2,316,417
$ 26,215,692	$ 24,477,042	$ 23,844,980	$ 22,871,596	$ 20,920,053	$ 17,085,672
$ 2,223,567	$ 1,642,059	$ 2,577,131	$ 2,773,712	$ 1,183,654	$ 723,008
961,607	653,640	270,856	642,698	954,149	788,191
$ 3,185,174	$ 2,295,699	$ 2,847,987	$ 3,416,410	$ 2,137,803	$ 1,511,199

(3) Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes, Lottery for Education - Lottery Proceeds, Nursing Home and Hospital Provider Fees, and Tobacco Settlement Funds, previously reported within the General Government function program revenues, are reported as general revenues of the Governmental Activities.

(4) Beginning in fiscal year 2015, State Health Benefit Plan - Contributions/Premiums and Unemployment Compensation Fund - Contributions, previously reported within Program Revenues, Business-type Activities, Operating Grants and Contributions are reported as Sales and Charges for Services.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

Schedule 3
Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020	2019
General Fund					
Nonspendable	$ 41,820	$ 39,268	$ 27,612	$ 39,561	$ 20,780
Restricted	7,331,778	6,681,824	6,297,540	5,440,832	5,438,608
Unrestricted					
Committed	38,112	30,689	21,145	17,372	9,385
Assigned	2,531,513	1,504,894	818,728	494,586	522,273
Unassigned	15,825,262	11,761,403	6,184,089	2,414,540	2,833,072
Total General Fund	$ 25,768,485	$ 20,018,078	$ 13,349,114	$ 8,406,891	$ 8,824,118
All Other Governmental Funds (1)					
Nonspendable	$ —	$ —	$ —	$ 16,770	$ 16,770
Restricted	2,756,460	2,775,287	2,548,478	1,781,860	1,916,578
Unrestricted					
Assigned	605,179	99,336	47,877	54,949	72,796
Total All Other Governmental Funds	$ 3,361,639	$ 2,874,623	$ 2,596,355	$ 1,853,579	$ 2,006,144

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State's Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA's General Fund is included in the State's Special Revenue Funds.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports* (certain amounts restated for purposes of comparability)

Fiscal Year

2018	2017	2016	2015	2014
$ 35,375	$ 82,570	$ 66,744	$ 50,979	$ 54,972
5,118,497	4,652,244	4,112,561	3,284,676	3,371,495
11,753	10,921	9,287	7,713	3,232
437,737	418,815	345,667	444,077	325,552
2,506,449	2,211,442	1,795,230	1,282,974	1,073,662
$ 8,109,811	$ 7,375,992	$ 6,329,489	$ 5,070,419	$ 4,828,913
$ 16,770	$ 15,289	$ 136	$ 257	$ 14
1,475,928	1,310,861	1,242,119	1,074,877	1,216,195
84,912	74,100	69,288	60,062	74,489
$ 1,577,610	$ 1,400,250	$ 1,311,543	$ 1,135,196	$ 1,290,698

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020	2019
Revenues [1]					
Taxes					
Individual Income	$ 15,864,000	$ 17,399,160	$ 14,024,344	$ 12,545,944	$ 12,202,473
Sales - General	9,000,002	8,445,396	7,343,273	6,230,249	6,286,292
Motor Fuel Tax	836,367	1,601,486	1,779,560	1,872,628	1,836,890
Motor Vehicle License and Title ad valorem Taxes[3]	1,238,623	1,240,166	1,139,049	1,041,107	1,253,113
Corporate Tax	3,671,303	2,298,751	1,741,239	1,214,809	1,272,157
Other Taxes	1,329,842	1,110,454	1,003,107	1,125,499	851,105
Licenses and Permits	478,030	458,548	432,292	411,368	406,811
Intergovernmental - Federal	32,470,843	27,460,439	23,892,327	18,280,850	16,930,680
Intergovernmental - Other	1,590,527	943,281	732,248	618,597	663,598
Sales and Services	793,549	521,107	535,639	444,394	429,050
Fines and Forfeits	535,414	515,805	483,319	482,952	523,033
Interest and Other Investment Income	1,178,917	(41,960)	35,523	208,359	285,225
Unclaimed Property	233,171	131,181	180,361	141,925	144,841
Lottery Proceeds	1,516,383	1,474,003	1,544,954	1,237,345	1,207,369
Nursing Home Provider Fees	144,713	150,790	152,797	168,453	154,263
Hospital Provider Payments	387,434	374,765	366,281	345,213	333,955
Other	372,339	387,039	320,865	380,507	328,212
Total Revenues	71,641,457	64,470,411	55,707,178	46,750,199	45,109,067
Expenditures [1]					
Current					
General Government	2,448,187	1,933,951	1,624,883	1,200,665	1,018,790
Education	22,258,541	17,313,420	16,025,139	14,693,652	13,859,041
Health and Welfare	27,309,785	25,535,004	22,530,467	19,231,330	18,192,601
Transportation	4,082,707	3,470,747	3,426,702	3,450,047	3,239,744
Public Safety	2,903,372	2,642,397	2,303,584	2,597,921	2,697,770
Economic Development and Assistance	785,502	640,045	489,623	414,221	525,126
Culture and Recreation	413,453	361,559	324,340	292,628	311,170
Conservation	73,787	70,155	61,522	58,921	62,549
Capital Outlay	820,911	766,967	793,847	959,817	890,631
Debt Service					
Principal	1,131,640	1,136,230	931,555	1,056,725	1,029,075
Interest	428,261	515,638	420,137	440,086	436,216
Other Charges	11,521	161,868	195,734	22,676	23,765
Intergovernmental	3,505	267,633	230,413	276,081	178,421
Total Expenditures	62,671,172	54,815,614	49,357,946	44,694,770	42,464,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,970,285	9,654,797	6,349,232	2,055,429	2,644,168

Fiscal Year				
2018	2017	2016	2015	2014
$ 11,644,160	$ 11,023,806	$ 10,078,312	$ 9,714,090	$ 8,976,720
6,019,297	5,781,149	5,473,282	5,263,011	4,988,620
1,800,191	1,741,414	1,668,568	1,210,079	1,196,154
1,314,354	1,347,626	1,307,054	1,167,421	—
1,004,524	955,790	981,475	1,014,290	949,815
1,057,108	977,494	1,186,308	871,158	801,605
423,796	392,102	499,313	328,028	1,387,113
16,926,361	16,543,931	15,946,548	16,056,116	15,359,809
637,053	519,077	547,897	646,442	590,000
426,328	608,204	403,849	439,342	449,697
475,711	475,421	464,064	444,301	446,646
142,282	68,780	50,219	26,243	23,365
151,462	143,683	153,257	156,360	148,129
1,143,515	1,101,062	1,097,823	980,653	945,097
161,575	156,746	163,524	175,414	169,521
304,020	285,830	270,602	278,958	237,978
308,655	288,396	130,774	129,092	68,375
43,940,392	42,410,511	40,422,869	38,900,998	36,738,644
963,123	915,149	1,021,257	1,059,255	1,119,722
13,271,141	12,605,566	12,010,308	11,435,031	10,787,182
18,205,579	17,225,344	16,872,312	16,713,851	16,106,379
2,882,072	2,901,428	2,181,785	2,095,554	1,847,149
2,607,044	2,540,030	2,193,494	2,122,905	1,969,468
565,462	692,393	600,031	610,472	512,286
302,262	301,768	304,703	263,263	257,416
85,328	58,888	56,514	53,394	47,471
902,083	889,793	765,976	1,010,110	699,126
1,068,590	1,042,625	988,145	966,445	850,290
430,077	419,177	449,666	460,214	466,787
27,036	26,541	25,848	27,284	75,372
246,015	175,136	200,373	223,531	209,097
41,555,812	39,793,838	37,670,412	37,041,309	34,947,745
2,384,580	2,616,673	2,752,457	1,859,689	1,790,899

(continued)

Schedule 4
Changes in Fund Balances of Governmental Funds
For the Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts in thousands)

	2023	2022	2021	2020	2019
Other Financing Sources (Uses) [(1)]					
General Obligation Bonds Issuance	704,075	1,096,630	1,132,515	914,675	1,228,625
Refunding Bonds Issuance	487,585	—	—	321,835	285,915
Revenue Bond Issuance	—	—	—	—	—
GARVEE Bond Issuance	—	—	484,160	—	—
Debt Issuance - Other	—	—	—	63,850	63,850
Premium on General Obligation Bonds Sold	50,773	187,541	183,801	85,090	95,163
Premium on Refunding Bonds Sold	38,929	—	—	29,772	27,159
Premium on GARVEE Bonds Sold	—	—	117,790	11,455	11,455
Payment to Refunded Bond Escrow Agent	(525,723)	—	—	(351,591)	(313,095)
Lease Obligations Issuance	58,663	71,368	28,248	13,300	16,304
Subscription Obligations Issuance	56,887	—	—	—	—
Transfers In	2,420,561	2,011,196	1,782,170	1,758,836	1,653,039
Transfers Out	(6,157,245)	(6,036,214)	(4,498,939)	(4,630,778)	(4,477,445)
Net Other Financing Sources (Uses)	(2,865,495)	(2,669,479)	(770,255)	(1,783,556)	(1,409,030)
Net Change in Fund Balance	$ 6,104,790	$ 6,985,318	$ 5,578,977	$ 271,873	$ 1,235,138
Debt Service Expenditures as a Percentage of Noncapital Expenditures [(2)]	2.60 %	3.12 %	2.87 %	3.54 %	3.60 %

(1) Beginning in fiscal year 2015, all activities of SRTA, a blended component unit, are reported as Special Revenue Funds (previously only the balances of its General Fund are included in the State's Special Revenue Funds). In fiscal year 2017, the activities of SRTA were re-examined, and only SRTA's General Fund is included in the State's Special Revenue Funds.

(2) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

(3) Beginning in fiscal year 2015, Motor Vehicle License and Title ad valorem Taxes previously reported as Licenses and Permits are reported as Taxes.

Source: Financial Statements included in Current and Prior Years' *Annual Comprehensive Financial Reports* and supporting working papers

Fiscal Year

2018	2017	2016	2015	2014
1,041,015	920,035	1,008,355	823,555	857,670
634,545	1,340,265	275,985	159,350	—
—	—	—	11,057	32,718
—	—	—	—	—
63,850	52,720	20,926	—	—
119,498	111,054	94,194	78,602	62,075
91,178	283,301	—	13,819	—
11,455	—	—	—	—
(724,870)	(1,620,595)	(302,322)	(173,032)	—
9,625	35,155	27,617	12,825	8,207
—	—	—	—	—
1,705,963	1,594,219	1,718,186	1,609,361	1,550,566
(4,425,660)	(4,165,721)	(4,081,733)	(3,882,868)	(3,706,268)
(1,473,401)	(1,449,567)	(1,238,792)	(1,347,331)	(1,195,032)
$ 911,179	$ 1,167,106	$ 1,513,665	$ 512,358	$ 595,867
3.77 %	3.90 %	3.98 %	3.98 %	3.91 %

Schedule 5
Revenue Base - Personal Income by Industry
For the Last Ten Calendar Years
(amounts in millions)

	2022	2021	2020	2019
Accommodation and Food Services	$ 16,031	$ 12,969	$ 11,381	$ 11,904
Administrative and Waste Management Services	25,189	22,453	19,288	18,895
Arts, Entertainment and Recreation	3,378	2,992	2,699	2,777
Construction	27,161	25,569	23,232	21,712
Educational Services	6,850	6,506	5,820	5,658
Farm Earnings	4,162	1,968	1,669	1,907
Federal Government - Civilian	13,324	13,029	12,536	12,262
Federal Government - Military	7,829	7,533	7,330	7,212
Finance and Insurance	29,301	27,097	24,605	23,368
Forestry, Fishing and Related Activities	1,091	1,207	1,133	1,125
Health Care and Social Assistance	43,886	42,032	37,427	37,057
Information	27,788	25,713	20,926	21,721
Management of Companies and Enterprises	15,886	14,043	13,895	14,117
Manufacturing	37,233	33,849	30,848	31,096
Mining	977	869	948	994
Other Services, Except Public Administration	12,979	13,166	11,981	12,130
Professional, Scientific and Technical Services	47,573	42,233	38,693	36,339
Real Estate, Rental and Leasing	12,413	14,665	12,376	9,354
Retail Trade	26,707	25,597	23,020	21,203
State and Local Government	42,186	39,478	37,978	39,087
Transportation and Warehousing	21,873	19,087	18,484	17,170
Utilities	3,900	3,845	3,817	3,467
Wholesale Trade	25,990	23,351	21,559	22,951
Other	169,739	177,849	166,331	138,238
Total Personal Income	$ 623,446	$ 597,100	$ 547,976	$ 511,744
Average Effective Rate [(1)]	2.8 %	2.3 %	2.3 %	2.4 %

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing individual income tax collections on a fiscal year basis (see Schedule 4) by total personal income on a calendar year basis.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

Calendar Year

2018	2017	2016	2015	2014	2013
$ 10,980	$ 10,507	$ 10,209	$ 9,838	$ 9,551	$ 8,969
17,805	16,932	15,610	15,166	14,828	13,744
2,527	2,483	2,171	2,231	2,379	2,277
21,267	18,941	17,604	15,391	14,766	13,365
5,362	5,120	4,849	4,705	4,638	4,391
2,649	1,946	1,814	2,476	3,230	3,640
11,313	11,183	10,806	10,421	9,824	9,796
6,838	6,579	6,446	6,825	6,833	7,048
22,063	21,193	19,269	18,663	18,200	17,386
1,000	973	1,045	1,010	1,010	872
34,561	32,850	31,688	29,914	28,658	27,487
21,089	21,069	18,669	15,118	12,225	11,414
10,529	9,189	8,443	8,179	7,776	7,009
31,805	30,423	29,125	27,921	26,822	25,876
862	783	787	560	592	558
11,361	10,875	10,528	10,309	10,460	10,055
34,522	32,809	31,180	30,183	28,908	26,708
7,766	7,335	6,262	5,784	6,454	6,135
20,738	20,097	19,375	19,046	18,127	17,303
37,692	37,087	35,643	33,051	32,454	32,139
17,980	17,013	16,172	14,838	13,881	13,143
3,012	2,935	2,902	2,657	2,435	2,401
20,846	21,385	21,150	20,493	19,539	18,709
126,646	120,696	112,931	106,943	101,183	97,731
$ 481,213	$ 460,403	$ 434,678	$ 411,722	$ 394,773	$ 378,156
2.4 %	2.4 %	2.3 %	2.4 %	2.3 %	2.3 %

Schedule 6
Individual Income Tax Rates by Filing Status and Income Level
For the Last Ten Calendar Years

Filing Status

Income Level	Georgia Taxable Net Income Level 2023 - 2018	Georgia Taxable Net Income Level 2017 - 2014
Single	**Tax Rate**	**Tax Rate**
Not Over $750	1%	1%
Over $750 But Not Over $2,250	$7.50 Plus 2% of Amount Over $750	$7.50 Plus 2% of Amount Over $750
Over $2,250 But Not Over $3,750	$37.50 Plus 3% of Amount Over $2,250	$37.50 Plus 3% of Amount Over $2,250
Over $3,750 But Not Over $5,250	$82.50 Plus 4% of Amount Over $3,750	$82.50 Plus 4% of Amount Over $3,750
Over $5,250 But Not Over $7,000	$142.50 Plus 5% of Amount Over $5,250	$142.50 Plus 5% of Amount Over $5,250
Over $7,000	$230.00 Plus 5.75% of Amount Over $7,000	$230.00 Plus 6% of Amount Over $7,000
Married Filing Separately		
Not Over $500	1%	1%
Over $500 But Not Over $1,500	$5.00 Plus 2% of Amount Over $500	$5.00 Plus 2% of Amount Over $500
Over $1,500 But Not Over $2,500	$25.00 Plus 3% of Amount Over $1,500	$25.00 Plus 3% of Amount Over $1,500
Over $2,500 But Not Over $3,500	$55.00 Plus 4% of Amount Over $2,500	$55.00 Plus 4% of Amount Over $2,500
Over $3,500 But Not Over $5,000	$95.00 Plus 5% of Amount Over $3,500	$95.00 Plus 5% of Amount Over $3,500
Over $5,000	$170.00 Plus 5.75% of Amount Over $5,000	$170.00 Plus 6% of Amount Over $5,000
Head of Household and Married Filing Jointly		
Not Over $1,000	1%	1%
Over $1,000 But Not Over $3,000	$10.00 Plus 2% of Amount Over $1,000	$10.00 Plus 2% of Amount Over $1,000
Over $3,000 But Not Over $5,000	$50.00 Plus 3% of Amount Over $3,000	$50.00 Plus 3% of Amount Over $3,000
Over $5,000 But Not Over $7,000	$110.00 Plus 4% of Amount Over $5,000	$110.00 Plus 4% of Amount Over $5,000
Over $7,000 But Not Over $10,000	$190.00 Plus 5% of Amount Over $7,000	$190.00 Plus 5% of Amount Over $7,000
Over $10,000	$340.00 Plus 5.75% of Amount Over $10,000	$340.00 Plus 6% of Amount Over $10,000

Source: OCGA § 48-7-20, Paragraph (b)(1)

Schedule 7
Individual Income Tax Filers and Liability by Income Level
For Calendar Years 2021(1) and 2012

(amounts, except income level, are in thousands)

2021(1)

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	1,009,045	20.1 %	$ 1,341,422	8.1 %
$1,001 to $5,000	202,964	4.0 %	1	0.0 %
$5,001 to $10,000	292,268	5.8 %	2,400	0.0%.
$10,001 to $15,000	339,977	6.8 %	31,621	0.2 %
$15,001 to $20,000	298,164	5.9 %	80,315	0.5 %
$20,001 to $25,000	263,433	5.2 %	132,368	0.8 %
$25,001 to $30,000	251,791	5.0 %	191,807	1.2 %
$30,001 to $50,000	762,320	15.2 %	1,044,745	6.3 %
$50,001 to $100,000	848,690	16.9 %	2,540,012	15.4 %
$100,001 to $500,000	698,752	13.9 %	6,160,026	37.3 %
$500,001 to $1,000,000	37,832	0.8 %	1,348,163	8.2 %
$1,000,001 and higher	20,972	0.4 %	3,639,206	22.0 %
Totals	5,026,208	100.0 %	$ 16,512,086	100.0 %

2012

Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$1,000 and under (2)	757,537	17.9 %	$ 521,380	6.1 %
$1,001 to $5,000	216,468	5.1 %	5	0.0 %
$5,001 to $10,000	326,853	7.7 %	9,929	0.1 %
$10,001 to $15,000	351,750	8.3 %	45,165	0.5 %
$15,001 to $20,000	324,353	7.7 %	95,142	1.1 %
$20,001 to $25,000	272,192	6.5 %	140,211	1.6 %
$25,001 to $30,000	231,605	5.5 %	172,151	2.0 %
$30,001 to $50,000	619,827	14.7 %	795,223	9.3 %
$50,001 to $100,000	677,975	16.0 %	1,872,368	21.9 %
$100,001 to $500,000	423,571	10.0 %	3,208,557	37.5 %
$500,001 to $1,000,000	16,166	0.4 %	552,294	6.5 %
$1,000,001 and higher	7,847	0.2 %	1,135,141	13.4 %
Totals	4,226,144	100.0 %	$ 8,547,566	100.0 %

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Department of Revenue

Schedule 8
Ratios of Outstanding Debt by Type
For the Last Ten Fiscal Years
(amounts in thousands, except per capita amounts)

	Governmental Activities (1)			
Fiscal Year	General Obligation Bonds	Revenue(2) Bonds	Capital Leases	Notes and Loans
2023	$ 10,549,292	$ 514,934	$ 863,899	$ 43,889
2022	10,947,663	593,139	894,815	47,315
2021	10,696,568	670,231	321,873	55,299
2020	10,351,636	613,770	212,709	62,364
2019	10,352,603	613,770	219,259	69,262
2018	10,043,489	613,770	233,398	74,141
2017	9,851,713	745,477	237,505	78,450
2016	9,493,441	983,947	184,689	87,228
2015	9,367,381	1,200,365	221,690	21,662
2014	9,437,844	1,367,068	252,830	4,024

(1) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA), a blended component unit, were reported as Governmental Activities. In fiscal year 2017, a re-examination determined that activities of this blended component unit should be reported in both Governmental Activities and Business-type Activities as was the presentation in fiscal years 2014 and prior.

(2) The Governmental Activities Revenue Bonds include $19.3 million of bonds secured by a joint resolution between the Department of Transportation (DOT) (General Fund) and the SRTA (Nonmajor Governmental Fund) whereby DOT has pledged to provide sufficient motor fuel tax funds to pay the principal and interest of the revenue bonds. According to the State Constitution, motor fuel tax funds are imposed and appropriated for all activities incident to maintaining an adequate system of roads and bridges in the State. In fiscal year 2023, the State collected $837.2 million of motor fuel tax funds. The principal and interest on the revenue bonds for fiscal year 2023 was $24.2 million. The debt service requirements to maturity on these bonds is included in the Notes to the Financial Statements.

(3) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Annual Comprehensive Financial Reports*

Business -Type Activities [1]					
Revenue Bonds	Capital Leases	Notes and Loans	Total Primary Government	Percentage of Personal Income[3]	Outstanding Debt Per Capita[3]
$ 599,411	$ 474,867	$ 2,418,322	$ 15,464,614	2.5 %	$ 1,417
610,031	515,264	2,457.936	16,066,163	2.7 %	1,488
232,337	2,676,623	299.319	14,952,250	2.7 %	1,396
234,234	2,810,668	267,240	14,552,621	2.8 %	1,371
242,003	2,856,209	269,459	14,612,268	3.0 %	1,389
266,150	2,914,195	264,793	14,407,067	3.1 %	1,376
269,136	3,044,125	256,768	14,483,174	3.3 %	1,400
756,539	2,633,261	11,677	14,150,782	3.4 %	1,380
1,384,058	1,948,804	6,027	14,149,987	3.6 %	1,396
1,781,514	1,829,517	3,923	14,676,720	3.9 %	1,464

Schedule 9
Ratios of General Bonded Debt Outstanding
For the Last Ten Fiscal Years
(amounts in thousands, except per capita amounts)

Fiscal Year	Net General Bonded Debt[1]	Percentage of Personal Income[2]	Outstanding Debt Per Capita[2]
2023	$ 10,513,282	1.69%	$ 963.38
2022	10,933,141	1.83%	1,012.37
2021	10,720,348	1.96%	1,000.96
2020	10,449,792	2.04%	984.21
2019	10,450,756	2.17%	993.47
2018	10,141,642	2.20%	972.41
2017	10,061,106	2.31%	975.82
2016	9,720,956	2.36%	951.65
2015	9,620,047	2.44%	952.75
2014	9,767,110	2.58%	977.54

(1) In fiscal year 2015, the activities of SRTA were re-examined and all activities of this blended component unit are reported as Governmental Activities. In fiscal year 2017, SRTA's activities reverted back to the blended presentation, where its activity and balances are included in both Governmental Activities and Business-type Activities.

(2) See Schedule 11 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Annual Comprehensive Financial Reports*

STATE OF GEORGIA

CONSTITUTION

WISDOM JUSTICE MODERATION

1776

Schedule 10
Computation of Legal Debt Margin
For the Last Ten Fiscal Years
(amounts in whole dollars)

	2023	2022	2021	2020 [3]	2019
Revenue Base:					
Treasury Receipts for the Preceding Fiscal Year [1]	$ 36,596,472,710	$ 30,316,588,230	$ 26,900,038,894	$ 22,748,258,000	$ 25,649,499,261
Debt Limit Amount:					
Highest Aggregate Annual Commitments					
(Principal and Interest) Permitted Under					
Constitutional Limitation (10% of above)	$ 3,659,647,271	$ 3,031,658,823	$ 2,690,003,889	$ 2,274,825,800	$ 2,564,949,926
Debt Applicable to the Limit:					
Highest Total Annual Commitments in Current or					
any Subsequent Fiscal Year (2)	1,340,501,721	1,332,216,725	1,364,751,098	1,452,097,870	1,432,215,164
Legal Debt Margin	$ 2,319,145,550	$ 1,699,442,098	$ 1,325,252,791	$ 822,727,930	$ 1,132,734,762
Total Debt Applicable to the Limit as Percentage of					
Debt Limit Amount	36.6 %	43.9 %	50.7 %	63.8 %	55.8 %

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds.

(2) Includes issued and outstanding debt as of the end of each fiscal year and appropriated debt service for any authorized but unissued general obligation (and guaranteed revenue) bonds.

(3) The 2020 treasury receipts, debt limit amount and debt applicable to the limit is based on unaudited, preliminary data due to the timing of the series 2020AB bonds issuance in August (fiscal year 2021) and pandemic related impacts on state revenues. Final fiscal year 2020 data was not available as of the date of the 2020AB Official Statement. The unaudited, preliminary treasury receipts used for the legal debt margin calculation includes only those revenues received by the Department of Revenue through July 6, 2020. It does not include receipts of various other state revenues collected by other state agencies which were not available as of the time of the 2020AB Official Statement. Additionally, no provision was made for state individual or corporate income taxes collected in July due to the State's decision to align its tax payment deadlines to coincide with the extended federal income tax payment deadline of July 15, 2020 for calendar year 2019 and the first and second quarters of 2020. The legal debt margin calculation follows the provisions set forward in the State Constitution.

Source: *Prior Year's Annual Comprehensive Financial Reports, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia.*

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10% of the prior year's revenue collections.

Fiscal Year				
2018	2017	2016	2015	2014
$ 24,519,402,190	$ 23,476,964,889	$ 21,557,498,541	$ 20,256,765,494	$ 19,539,691,058
$ 2,451,940,219	$ 2,347,696,489	$ 2,155,749,854	$ 2,025,676,549	$ 1,953,969,106
1,398,096,186	1,405,379,184	1,311,486,764	1,305,012,971	1,320,929,740
$ 1,053,844,033	$ 942,317,305	$ 844,263,090	$ 720,663,578	$ 633,039,366
57.0 %	59.9 %	60.8 %	64.4 %	67.6 %

Schedule 11
Population/Demographics
For the Last Ten Calendar Years

Year	Population	Personal Income (in millions)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2022	10,912,876	$ 623,447	$ 57,129	1,744,887	3.4%
2021	10,799,566	597,101	55,289	1,736,159	4.5%
2020	10,710,017	547,976	51,165	1,723,127	8.4%
2019	10,617,423	511,744	48,236	1,760,739	3.5%
2018	10,519,475	481,213	45,745	1,759,838	3.9%
2017	10,429,379	460,403	44,145	1,761,472	4.7%
2016	10,310,371	434,678	42,159	1,757,543	5.4%
2015	10,214,860	411,722	40,306	1,749,852	5.9%
2014	10,097,132	394,773	39,097	1,736,416	7.1%
2013	9,991,562	378,156	37,845	1,716,905	8.2%

Sources:
Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)
Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis
Public School Enrollment - Georgia Department of Education (March of each school year)
Unemployment Rate - U. S. Department of Labor (annual average)

Schedule 12
Principal Private Sector Employers
Fiscal Year 2023 and Nine Years Previous (2014)

2023 Employers	**2014 Employers**
Amazon.Com Services, Inc.	AT&T Services, Inc.
Chick-Fil-A, Inc.	Childrens Healthcare of Atlanta
Children's Healthcare	Delta Airlines, Inc.
Delta Air Lines, Inc.	Emory Healthcare, Inc.
Emory Healthcare, Inc.	Emory University
Emory University	Georgia Power Company
Lowe's Home Center, Inc.	Lowe's Home Center, Inc.
McDonalds	Northside Hospital, Inc.
Northside Hospital, Inc.	Publix Supermarkets, Inc.
Publix Super Markets, Inc.	Shaw Industries Group, Inc.
Shaw Industries Group, Inc.	The Home Depot, Inc.
Target	The Kroger Company
The Home Depot, Inc.	The Olive Garden
The Kroger Company	United Parcel Service, Inc.
United Parcel Service, Inc.	Wal-Mart Stores, Inc.
Wal-Mart Stores, Inc.	Wellstar Health System
Wellstar Health System, Inc.	

To protect employer confidentiality, OCGA § 34-8-121(b)(3) prohibits the release of employee numbers by employer.

Sources: 2023 - Department of Labor (1st quarter 2023)
2014 - Comprehensive Annual Financial Report - Fiscal Year Ended June 30, 2014

Schedule 13
State Government Employment by Function
For the Last Ten Fiscal Years [1]

	2023	2022	2021	2020	2019
Governmental Activities					
General Government	8,554	7,999	8,020	8,118	8,619
Education	2,814	2,521	2,462	2,466	2,513
Health and Welfare	20,130	20,532	21,212	21,013	20,922
Transportation	4,598	4,392	4,335	4,618	4,883
Public Safety	19,794	20,026	21,551	24,991	26,789
Economic Development and Assistance	2,130	2,210	1,998	2,026	2,092
Culture and Recreation	3,234	3,189	3,066	3,097	3,227
Conservation	696	733	743	766	808
	61,950	61,602	63,387	67,095	69,853
Business-Type Activities [2] [5]					
State Road and Tollway Authority [3]	139	140	130	132	129
Higher Education Fund [4]	123,856	92,077	89,175	85,707	82,525
	123,995	92,217	89,305	85,839	82,654
Total Employment	185,945	153,819	152,692	152,934	152,507

(1) Includes employees that were active at any time during the Fiscal Year. An individual employee may, therefore, be included in multiple functions if the employee transferred among functions during the fiscal year. This does not represent the number of active employees at the end of the year.

(2) Employees of certain Business-Type Activities organizations are included in Governmental Activities as follows:

Employees of the State Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(3) In fiscal year 2015, the activities of State Road and Tollway Authority (SRTA) were examined and all activity was reported as Governmental Activities. In fiscal year 2017 SRTA, was re-examined and it was determined that the toll facilities and customer service center (previously part of Governmental Activities) are now reported as part of Business-Type Activities.

(4) No employees for the Nonmajor Enterprise Funds (Business-Type Activities) Georgia Higher Education Finance Authority and Higher Education Foundations are included as these organizations either have no employees, their data is not available or their employees are already reported as employees of another organization in either the Governmental Activities or Business-Type Activities.

Source: Open.Georgia.gov

Fiscal Year				
2018	2017	2016	2015	2014
8,408	8,432	8,722	8,402	7,848
2,342	2,152	2,184	1,836	1,419
21,203	21,845	21,073	22,102	18,868
4,863	4,872	5,023	5,102	4,379
28,686	27,780	25,728	25,513	23,430
2,258	2,421	2,487	2,760	2,757
3,112	3,080	2,982	2,838	2,284
818	852	820	837	638
71,690	71,434	69,019	69,390	61,623
116	107	—	—	70
80,237	79,456	80,004	76,972	76,594
80,353	79,563	80,004	76,972	76,664
152,043	150,997	149,023	146,362	138,287

Schedule 14
Operating Indicators and Capital Assets by Function
For the Last Ten Years (1)

	2023	2022	2021	2020
General Government				
Department of Revenue				
Number of Personal Income Tax Filers	NCA	NCA	5,026,208	4,989,368
Education				
Department of Education				
Public School Enrollment (March FTE Count)				
Pre Kindergarten through Grade 5	811,184	803,799	792,304	833,266
Grades 6 through 8	400,969	407,442	413,283	415,766
Grades 9 through 12	532,734	524,918	517,540	511,707
Board of Regents of the University System of Georgia				
Number of Separate Institutions	26	26	26	26
Number of Active Educators	14,820	14,859	14,902	15,242
Number of Students	334,459	340,638	341,489	333,507
Health and Welfare				
Department of Human Services				
Food Stamp Recipients	1,530,426	1,557,946	1,690,194	1,396,889
Temporary Assistance for Needy Families Recipients	9,152	13,299	15,285	15,852
Transportation				
Department of Transportation				
Miles of State Highway	17,906	17,922	17,923	17,953
Public Safety				
Department of Corrections				
Number of Inmates	49,513	47,815	46,586	51,219
Number of Probationers	NCA	NCA	NCA	NCA
Department of Community Supervision				
Number of Offenders	190,974	193,158	210,246	223,635
Economic Development and Assistance				
Department of Economic Development				
Economic Impact of Tourism (in millions):				
Domestic Traveler Spending - Direct	NCA	$ 32,725	$ 28,487	$ 21,057
Domestic Travel-generated State Tax Revenues	NCA	$ 2,592	$ 2,295	$ 1,666
Culture and Recreation:				
Department of Natural Resources				
Number of State Parks	47	43	51	51
Number of Historic Sites	13	13	15	15
Acreage of State Parks and Historic Sites (in acres)	85,667	84,506	88,237	83,184
Number of Daily Park Passes Sold	935,345	1,023,640	1,170,802	962,076
Number of Annual Park Passes Sold	62,880	69,448	65,453	46,300
Number of Hunting and Fishing Licenses Sold	1,776,208	1,638,328	1,626,599	1,584,133
Number of Registered Boats	368,649	353,862	362,580	367,762
Conservation				
Forestry Commission				
Economic Impact of Forestry Industry				
Output (in millions)	NCA	$ 25,000	$ 24,600	$ 23,400
Employment	NCA	57,228	55,418	54,185
Compensation (in millions)	NCA	$ 4,400	$ 4,400	$ 4,200

(1) Data is presented by either fiscal year or calendar year based on availability of information.
(2) As of 2017 -DCS no longer uses the categories Parolees and Probationers. DCS has one category-Felony Offenders
Source: NCA - Not Currently Available; Information obtained from the individual organizations listed.

Fiscal Year					
2019	2018	2017	2016	2015	2014
4,826,829	4,642,733	4,532,560	4,389,981	4,423,664	4,471,307
841,190	850,534	856,077	856,413	854,352	846,364
409,008	400,469	394,565	392,095	392,433	392,381
509,640	510,469	506,901	500,808	489,631	478,160
26	29	29	29	30	31
15,197	15,161	15,012	14,606	14,478	14,309
328,712	325,203	321,551	318,164	312,936	309,469
1,379,463	1,564,906	1,654,152	1,745,876	1,825,606	1,823,017
18,968	21,993	21,876	26,635	27,219	31,598
17,943	17,959	17,912	17,902	17,907	17,912
54,757	54,758	54,636	53,852	51,002	51,216
NCA	NCA	165,635	168,088	165,926	165,560
221,434	275,777	258.843	—	—	—
$ 29,465	$ 27,902	$ 26,483	$ 25,558	$ 24,526	$ 23,707
$ 1,497	$ 1,421	$ 1,356	$ 1,307	$ 1,170	$ 1,059
50	49	49	49	49	49
15	15	15	15	15	15
79,216	85,490	85,430	85,430	85,647	92,880
871,566	875,817	905,504	802,267	790,020	659,391
26,981	15,498	11,954	9,444	7,852	6,187
1,443,657	1,196,097	1,335,703	1,346,360	1,346,360	1,025,782
368,094	338,210	134,095	143,587	144,979	147,854
$ 22,000	$ 21,500	$ 21,300	$ 20,800	$ 19,200	$ 16,800
55,562	55,089	53,933	51,900	50,385	48,740
$ 3,900	$ 4,000	$ 3,840	$ 3,740	$ 3,550	$ 3,030